



Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

2013

Volume I

Summary Report
and Consolidated
Financial Statements

Canada¹³¹

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ERRATUM

Subsequent to the tabling of the *Public Accounts of Canada*, a correction was made in Volume I, Section 1, Financial Statements Discussion and Analysis, Table 1.3, Government of Canada – Detailed Consolidated Statement of Change in Net Debt on page 1.19 . The revised information is highlighted.

To His Excellency

The Right Honourable David Johnston,
C.C., C.M.M., C.O.M., C.D.,
Governor General and
Commander-in-Chief of Canada

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2013.

All of which is respectfully submitted.



Tony Clement, P.C., M.P.
President of the Treasury Board

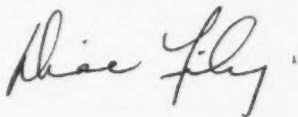
Ottawa, October 30, 2013

To The Honourable Tony Clement, P.C., M.P.
President of the Treasury Board

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2013, to be laid by you before the House of Commons.

Respectfully submitted,



Diane Finley, P.C., M.P.
Receiver General for Canada

Ottawa, October 30, 2013

To The Honourable Diane Finley, P.C., M.P.
Receiver General for Canada

Madam:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2013.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

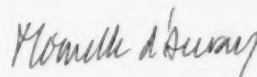
This annual report is presented in three volumes:

Volume I — The consolidated financial statements of Canada on which the Auditor General has expressed an opinion and provided his observations; a discussion and analysis of the consolidated financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II — Details of the financial operations of the Government, segregated by ministry; and

Volume III — Additional information and analyses.

Respectfully submitted,



Michelle d'Auray
Deputy Receiver General for Canada

Ottawa, October 30, 2013

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Volume I

2012-2013

Public Accounts of Canada

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Introduction to the *Public Accounts of Canada*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes.

Volume I presents the audited consolidated financial statements of the Government, as well as additional financial information and analyses;

Volume II presents the financial operations of the Government, segregated by ministry; and

Volume III presents supplementary information and analyses.

Section 1

2012-2013

Public Accounts of Canada

Financial Statements Discussion and Analysis

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NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in the *Annual Financial Report* prepared by the Department of Finance. This Report also includes condensed consolidated financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The *Annual Financial Report* is available on the Web at <http://www.fin.gc.ca/>.

Financial Statements Discussion and Analysis

Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited consolidated financial statements in Section 2 of this volume. Further discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2012-2013*, available on the Department of Finance's website.

The consolidated financial statements have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. A glossary of terms used in this financial statement discussion and analysis is provided at the end of this section.

2012-2013 Financial Highlights

- The Government posted a budgetary deficit of \$18.9 billion for the fiscal year ended March 31, 2013, down from a budgetary deficit of \$26.3 billion in 2011-2012 and down by nearly two-thirds from the \$55.6 billion budgetary deficit in 2009-2010.
- Revenues increased by \$7.5 billion, or 3.0 percent, from 2011-2012, primarily reflecting higher income tax revenues and Employment Insurance (EI) premium revenues, offset in part by a decrease in other revenues. Program expenses increased by \$2.1 billion, or 0.9 percent. Public debt charges were down \$1.9 billion, or 6.2 percent.
- The accumulated deficit (the difference between total liabilities and total assets) stood at \$602.4 billion at March 31, 2013. The accumulated deficit to GDP (gross domestic product) ratio was 33.1 percent, down from 33.2 percent a year earlier.
- As reported by the Organisation for Economic Co-operation and Development (OECD), Canada's total government net debt to GDP ratio, which includes the net debt of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan, stood at 34.5 percent in 2012. This is the lowest level among Group of Seven (G-7) countries, which the OECD expects will record an average net debt of 87.3 percent of GDP for the same year.

Discussion and Analysis

Economic Highlights ⁽¹⁾

The global economic environment continued to remain fragile and uncertain over the course of 2012. Global growth slowed to 3.1 percent in 2012 following growth of 3.9 percent in 2011, as economic activity contracted in the euro area and growth in emerging and developing economies slowed. In addition, the U.S. recovery continued to be sluggish, reflecting ongoing household deleveraging, spillovers from the European sovereign debt and banking crisis, and U.S. fiscal policy uncertainty.

The Canadian economy was not immune to the impact of these external developments, posting modest real GDP growth of 1.7 percent in 2012 following growth of 2.5 percent in 2011. Canadian economic growth during 2012 was largely driven by sustained strength in demand from Canadian households and businesses, which more than offset weakness in the external sector.

During the first half of 2013, economic activity has continued to grow at a modest pace with real GDP rising 2.2 percent (annual rate) in the first quarter and 1.7 percent in the second quarter. The relative stability in growth during the second quarter of the year came despite two events which negatively impacted economic activity during that quarter, namely the severe flooding in southern and central Alberta and strikes in the Quebec construction sector.

Despite the fragile global economic environment, real GDP as of the second quarter of 2013 is 5.5 percent higher than its pre-recession level. This economic recovery has underpinned a strong rebound in Canada's labour market, with over 1 million more Canadians now working than in July 2009, when the recovery began – an increase of 6.1 percent. Canada has outperformed all other G-7 economies in economic growth since the start of the global recession, and has recorded the strongest growth in job creation over the recovery.

The impact of the slowing global economy has been reflected in the evolution of expectations for nominal GDP, which is the broadest single measure of the tax base. At the time of Budget 2012, private sector economists expected nominal GDP to expand by 4.6 percent in 2012 and 4.4 percent in 2013. However, in response to weakening global economic prospects and declining commodity prices through 2012, actual nominal GDP growth was 3.4 percent in 2012, while in a June 2013 survey, private sector economists lowered their expectations for nominal GDP growth in 2013 to 3.1 percent. As a result, despite a downward adjustment for risk to revenues of \$3 billion, the lower than expected nominal GDP growth led to government revenues being lower than projected in Budget 2012, as discussed later in this section.

⁽¹⁾ This section incorporates data available up to and including September 6, 2013.

Private Sector Forecasts of Nominal GDP Growth

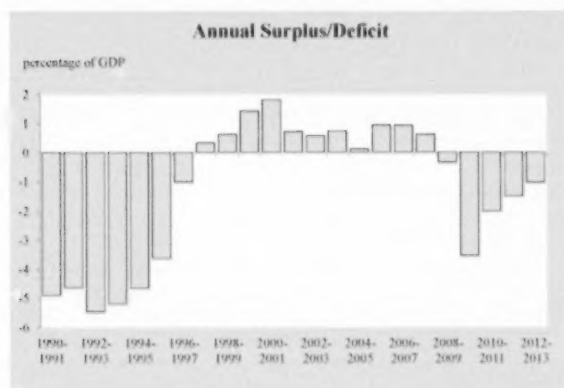
	2012	2013
March 2012 survey / Economic Action Plan 2012 . .	4.6	4.4
March 2013 survey / Economic Action Plan 2013 . .	3.1	3.3
June 2013 survey	3.4	3.1

2012 values from the March 2013 and June 2013 surveys are actuals.

Looking ahead, there continue to be downside risks to the Canadian outlook, reflecting the ongoing sovereign debt and banking crisis in the euro area, and continued fiscal policy uncertainty in the United States. While Canada's economic performance over the past year has been resilient, any setbacks in the global economic recovery can be expected to have an impact on Canada.

The Budgetary Balance

The Government posted a budgetary deficit of \$18.9 billion in 2012-2013. The following graph shows the Government's budgetary balance since 1990-1991. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP⁽²⁾. The budgetary deficit stood at 1.0 percent of GDP in 2012-2013, down from 1.5 percent a year earlier, and down more than two thirds from 2009-2010.



The 2012-2013 budgetary deficit of \$18.9 billion compares to a deficit of \$26.3 billion in 2011-2012. Revenues were up \$7.5 billion, or 3.0 percent, from the prior year, reflecting increases in income tax revenues and EI premium revenues, which were offset in part by a decrease in other revenues.

2012-2013 Financial Highlights

	2012 2013	2011 2012
	Restated ⁽¹⁾	
	(in billions of dollars)	
Consolidated Statement of Operations		
Revenues	256.6	249.1
Expenses —		
Program expenses	246.4	244.3
Public debt charges	29.2	31.1
Total expenses	275.6	275.4
Annual deficit	18.9	26.3
Percentage of GDP	1.0 %	1.5 %
Consolidated Statement of Financial Position		
Liabilities —		
Interest bearing debt	892.0	844.1
Other	118.8	125.0
Total liabilities	1,010.8	969.1
Financial assets	339.4	317.6
Net debt	671.4	651.5
Non financial assets	68.9	68.0
Accumulated deficit	602.4	583.6
Percentage of GDP	33.1 %	33.2 %

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Certain comparative figures have been restated. Information regarding this restatement can be found in the Accumulated Deficit section of the Financial Statements Discussion and Analysis.

Note: Totals may not add due to rounding.

1.4 Financial Statements Discussion and Analysis

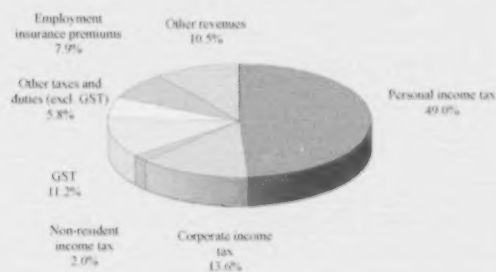
Expenses were up \$0.2 billion, or 0.1 percent, from the prior year. Program expenses increased by \$2.1 billion, reflecting increases in transfer payments and other program expenses. Public debt charges decreased by \$1.9 billion, or 6.2 percent, from the prior year, reflecting a lower effective interest rate on the stock of interest bearing debt.

⁽²⁾ GDP values used throughout the Financial Statements Discussion and Analysis have been restated to reflect historical revisions to the Canadian System of National Accounts released on October 1, 2012 by Statistics Canada.

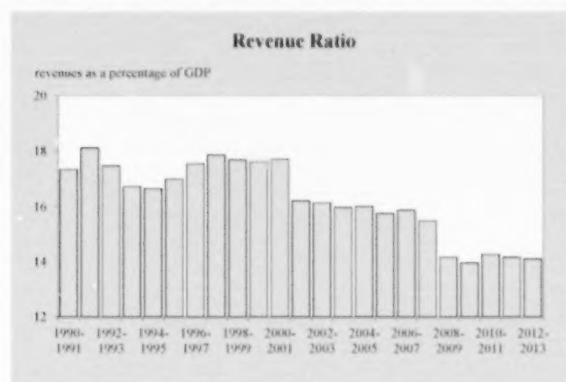
Revenues

The largest source of federal revenues is personal income tax revenues, which accounted for 49.0 percent of total revenues in 2012-2013. Corporate income tax revenues accounted for 13.6 percent of revenues in 2012-2013, while EI premium revenues represented 7.9 percent of revenues. In 2012-2013, other taxes and duties made up 17.0 percent of total revenues, with 11.2 percent coming from the Goods and Services Tax (GST). Other revenues made up 10.5 percent of total revenues in 2012-2013, down 0.7 percentage points from a year earlier, and non-resident income tax revenues made up 2.0 percent of total revenues in 2012-2013, down 0.2 percentage points from a year earlier.

Composition of Revenues for 2012-2013



The revenue ratio — revenues as a percentage of GDP — compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.1 percent in 2012-2013, down from 14.2 percent in 2011-2012. This slight decline is attributable to lower revenues from Crown corporations and a decline in offshore royalties, which is reflected above in lower other revenues. Overall, the revenue ratio has been declining gradually since 2001-2002, and is down significantly from an average of 18 percent over the 1996-1997 to 2000-2001 period. This longer term decline is due primarily to tax reduction measures.



Revenues Compared to 2011-2012

The following table compares revenues for 2012-2013 to 2011-2012.

Revenues

	Change			
	2012-13	2011-12	Absolute	%
	(in millions of dollars)			
Income tax revenues —				
Personal	125,728	120,537	5,191	4.3
Corporate	34,986	33,641	1,345	4.0
Non resident	5,073	5,300	(227)	(4.3)
Total	165,787	159,478	6,309	4.0
Other taxes and duties —				
Goods and services tax	28,821	28,370	451	1.6
Energy taxes	5,381	5,328	53	1.0
Customs import duties	3,979	3,862	117	3.0
Other excise taxes and duties	5,370	5,546	(176)	(3.2)
Total	43,551	43,106	445	1.0
Employment insurance premiums ..	20,395	18,556	1,839	9.9
Other revenues	26,902	27,967	(1,065)	(3.8)
Total revenues	256,635	249,107	7,528	3.0

Certain comparative figures have been reclassified to conform to the current year's presentation.

Total revenues increased by \$7.5 billion in 2012-2013, primarily reflecting growth in personal income tax revenues, corporate income tax revenues and EI premium revenues. These increases were partially offset by lower other revenues.

Personal income tax revenues increased by \$5.2 billion, or 4.3 percent, in 2012-2013, reflecting gains in personal income.

Corporate income tax revenues increased by \$1.3 billion, or 4.0 percent, in 2012-2013, reflecting growth in corporate taxable income.

Non resident income tax revenues were down \$0.2 billion, or 4.3 percent, in 2012-2013, largely due to prior year reassessments.

Other taxes and duties increased by \$0.4 billion, or 1.0 percent, from the prior year, driven by a \$0.5 billion, or 1.6 percent, increase in GST revenues reflecting moderate growth in household spending. Energy taxes and customs import duties each increased by \$0.1 billion, while other excise taxes and duties decreased by \$0.2 billion due to lower tobacco duties.

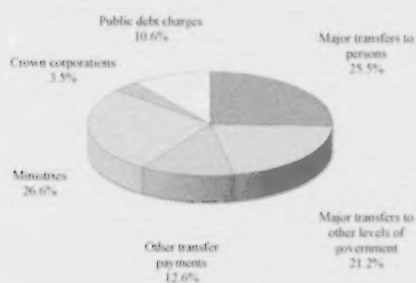
EI premium revenues increased by \$1.8 billion, or 9.9 percent, from the previous year, reflecting growth in insurable earnings and higher premium rates of \$1.83 and \$1.88 per \$100 of insurable earnings for 2012 and 2013, respectively.

Other revenues decreased by \$1.1 billion, or 3.8 percent, in 2012-2013. This decline was largely attributable to a \$0.6 billion decrease in revenues from Crown corporations and a \$0.3 billion decrease in other program revenues, reflecting a decrease in offshore resource royalties collected on behalf of the provinces. The decline in offshore resource royalties has no overall impact on the budgetary balance as these royalties are transferred to provinces, giving rise to an offsetting reduction in expenses.

Expenses

Federal expenses can be broken down into three main categories: transfer payments, which account for over half of all federal spending, other program expenses, and public debt charges. Within these three main categories, the largest major component of expenses in 2012 2013 was ministries expenses, which accounted for 26.6 percent of total expenses. Ministries expenses represent the operating expenses of more than 100 government departments and agencies, including National Defence. The second largest component of expenses was major transfers to persons, which made up 25.5 percent of total expenses. This category consists of elderly benefits, EI benefits, the Canada Child Tax Benefit and the Universal Child Care Benefit. Major transfers to other levels of government (Canada Health Transfer and Canada Social Transfer, fiscal arrangements and other transfers, transfers to provinces on behalf of Canada's cities and communities, and the Quebec Abatement) made up 21.2 percent of total expenses in 2012 2013. Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and foreign aid and international assistance, made up 12.6 percent of expenses, while Crown corporations accounted for 3.5 percent of total expenses. Public debt charges made up the remaining 10.6 percent of total expenses in 2012 2013.

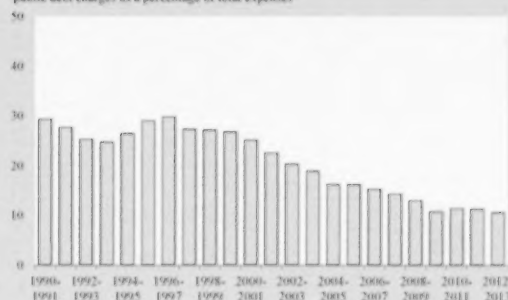
Composition of Expenses for 2012-2013



There has been a large shift in the composition of total expenses since the early 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30 percent of total expenses in 1996 1997, the share of public debt charges in total expenses has fallen by nearly two thirds.

Public Debt Charges

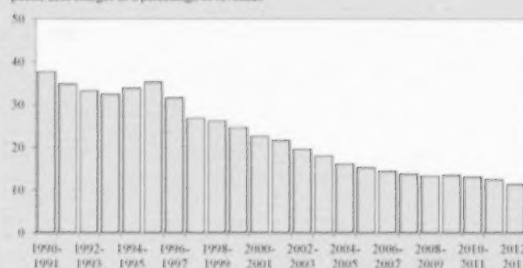
public debt charges as a percentage of total expenses



The interest ratio (public debt charges as a percentage of revenues) has been decreasing in recent years, falling from 37.6 percent in 1990 1991 to 12.5 percent in 2011 2012. The ratio continued to fall in 2012 2013 reaching 11.4 percent. This means that, in 2012 2013, the Government spent approximately 11 cents of every revenue dollar on interest on the public debt. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians.

Interest Ratio

public debt charges as a percentage of revenues



Expenses Compared to 2011-2012

Total expenses amounted to \$275.6 billion in 2012-2013, up \$0.2 billion, or 0.1 percent, from 2011-2012.

The following table compares total expenses for 2012-2013 to 2011-2012.

Expenses

	Change			
	2012-13	2011-12	Absolute	%
	Restated ⁽¹⁾ (in millions of dollars)			
Transfer payments —				
Major transfers to persons —				
Elderly benefits	40,255	38,045	2,210	5.8
Employment insurance benefits ..	17,099	17,647	(548)	(3.1)
Children's benefits	12,975	12,726	249	2.0
Total	70,329	68,418	1,911	2.8
Major transfers to other levels of government —				
Federal transfer support for health and other social programs	40,772	38,688	2,084	5.4
Fiscal arrangements and other transfers	17,598	18,106	(508)	(2.8)
Total	58,370	56,794	1,576	2.8
Other transfer payments	34,862	37,720	(2,858)	(7.6)
Total transfer payments	163,561	162,932	629	0.4
Other program expenses —				
Crown corporations	9,512	8,198	1,314	16.0
Ministries	73,338	73,176	162	0.2
Total other program expenses	82,850	81,374	1,476	1.8
Program expenses	246,411	244,306	2,105	0.9
Public debt charges	29,153	31,080	(1,927)	(6.2)
Total expenses	275,564	275,386	178	0.1

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Certain comparative figures have been restated. Information regarding this restatement can be found in the Accumulated Deficit section of the Financial Statements Discussion and Analysis.

Major transfers to persons increased by \$1.9 billion in 2012-2013, reflecting increases in elderly and children's benefits, offset in part by a decrease in EI benefits. Elderly benefits increased by \$2.2 billion, or 5.8 percent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. This increase was partially offset by a \$0.5 billion, or 3.1 percent, decrease in EI benefit payments due mainly to a decrease in the number of beneficiaries, reflecting in part improved labour market conditions. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased by \$0.2 billion, or 2.0 percent.

Major transfers to other levels of government increased by \$1.6 billion in 2012-2013, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories, as well as the recording, in 2011-2012, of \$1.6 billion receivable from British Columbia for the repayment of Harmonized Sales Tax transitional assistance, which had the effect of lowering transfer payment expenses in that year. These increases were offset in part by lower transfer protection payments to provinces in 2012-2013, the expiration of the offshore offset payment to Newfoundland and Labrador, a one time \$2.2 billion expense recorded in 2011-2012 related to federal assistance to Quebec for sales tax harmonization, lower transfers to Canada's cities and communities and an increase in recoveries under the Quebec Abatement. The Quebec Abatement is a recovery from Quebec of the value of an additional tax point transfer (16.5 points) above and beyond the Canada Health Transfer and Canada Social Transfer tax point transfers. The \$0.2 billion increase in this recovery was due to an increase in the value of personal income tax points in 2012-2013 compared to 2011-2012.

Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and foreign aid and international assistance, decreased by \$2.9 billion, or 7.6 percent, over the prior year. This decrease reflects a number of factors including a decline in infrastructure transfers, consistent with the wind down of the stimulus provided through the stimulus phase of Canada's Economic Action Plan, a decrease in offshore resource royalties transferred to the provinces, the expiration of the Pulp and Paper Green Transformation Program, and a decrease in transfers to provincial and territorial governments under disaster financial assistance arrangements.

Other program expenses increased from \$81.4 billion in 2011-2012 to \$82.9 billion in 2012-2013, up \$1.5 billion, or 1.8 percent. This spending component consists of operating expenses of Crown corporations, departments and agencies, including National Defence, as well as expenses related to the ongoing assessment of the Government's liabilities. Within this component, Crown corporation expenses increased by \$1.3 billion from the prior year, as decreases in expenses recorded by several corporations were more than offset by an increase in Atomic Energy of Canada Limited's liability for nuclear decommissioning and waste management. This increase follows a comprehensive review by the corporation of its long term decommissioning strategy and related cost estimate. The last comprehensive review of this nature was completed in 2005. Expenses of departments and agencies increased by \$0.2 billion, or 0.2 percent, reflecting an increase in the accrual cost of veteran and other employee future benefits, largely offset by decreases in spending across a number of departments.

Public debt charges decreased by \$1.9 billion, or 6.2 percent, reflecting a decrease in the average effective interest rate on the stock of interest-bearing debt.

Comparison of Actual Results to Budget Projections

Comparison to March 2013 Budget Plan

The 2012-2013 deficit was \$6.9 billion lower than the \$25.9 billion deficit forecast in the March 2013 budget. Revenues were \$1.9 billion higher than expected, reflecting higher than expected corporate income tax revenues and other revenues, which were partially offset by lower than expected revenues from personal income taxes and excise taxes and duties. Total expenses were \$5.1 billion lower than forecast, reflecting lower than expected year-end accrual adjustments and a higher than expected lapse of departmental spending authorities.

Comparison of 2012-2013 Outcomes to March 2013 Budget

	Projection	Actual	Difference
	(in billions of dollars)		
Revenues	254.8	256.6	1.9
Expenses —			
Program expenses	251.6	246.4	(5.2)
Public debt charges	29.0	29.2	0.1
Total expenses	280.6	275.6	(5.1)
Annual deficit	25.9	18.9	(6.9)

Certain Budget 2013 figures have been reclassified to conform to the presentation in the consolidated financial statements.

Note: Totals may not add due to rounding.

Comparison to March 2012 Budget Plan

The 2012-2013 budgetary deficit was \$2.2 billion lower than the \$21.1 billion deficit forecast in the March 2012 budget, largely reflecting lower than forecast program spending and public debt charges, offset in part by lower than forecast tax revenues.

Revenues were \$2.1 billion, or 0.8 percent, lower than forecast in the March 2012 budget, primarily reflecting lower than projected other taxes and duties. Other taxes and duties were \$2.3 billion lower than forecast in Budget 2012, mostly as a result of lower than expected GST revenues, which were negatively impacted by lower than expected growth in household spending.

Total expenses were \$4.2 billion lower than projected in the March 2012 budget, with program expenses \$2.6 billion lower than forecast and public debt charges \$1.7 billion lower than forecast.

Major transfers to persons were \$1.9 billion lower than projected, largely due to lower than projected EI and children's benefits. EI benefits were \$1.6 billion lower than forecast, due mainly to lower than expected regular benefits, reflecting in part improved labour market conditions. Children's benefits were \$0.2 billion lower than expected, due to higher than expected family net incomes, resulting in lower than forecast transfers under the Canada Child Tax Benefit.

Other transfer payments were \$3.0 billion lower than forecast, reflecting lower than expected spending by departments. Other program expenses were \$2.3 billion higher than forecast. Within this category, Crown corporation expenses were \$2.1 billion higher than expected, largely reflecting the increase in Atomic Energy of Canada Limited's liability for nuclear decommissioning and waste management.

Public debt charges were \$1.7 billion lower than forecast in the March 2012 budget. Inflation rates, which affect adjustments on Real Return Bonds, were significantly lower in 2012-2013 compared to projections in the March 2012 budget. In addition, interest on marketable bonds was lower than expected in 2012-2013 as a result of interest rates that were much lower than forecast by private sector economists at the time of the March 2012 budget.

Comparison of 2012-2013 Outcomes to March 2012 Budget

	Budget	Actual	Difference
	(in millions of dollars)		
Revenues —			
Income tax revenues	166,449	165,787	(662)
Other taxes and duties	45,897	43,551	(2,346)
Employment insurance premiums	20,082	20,395	313
Other revenues	26,286	26,902	616
Total revenues	258,714	256,635	(2,079)
Expenses —			
Program expenses			
Major transfers to persons	72,202	70,329	(1,873)
Major transfers to other levels of government	58,354	58,370	16
Other transfer payments	37,833	34,862	(2,971)
Other program expenses	80,598	82,850	2,252
Total program expenses	248,987	246,411	(2,576)
Public debt charges	30,826	29,153	(1,673)
Total expenses	279,813	275,564	(4,249)
Annual deficit	21,099	18,929	(2,170)

Certain Budget 2012 figures have been reclassified to conform to the presentation in the consolidated financial statements.

Accumulated Deficit

The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit represents the annual budgetary balance plus other comprehensive income or loss. Other comprehensive income or loss is comprised of certain unrealized gains or losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises. Based on Canadian public sector accounting standards, other comprehensive income or loss is not included in the Government's annual budgetary balance, but is instead recorded directly to the accumulated deficit.

Accumulated Deficit

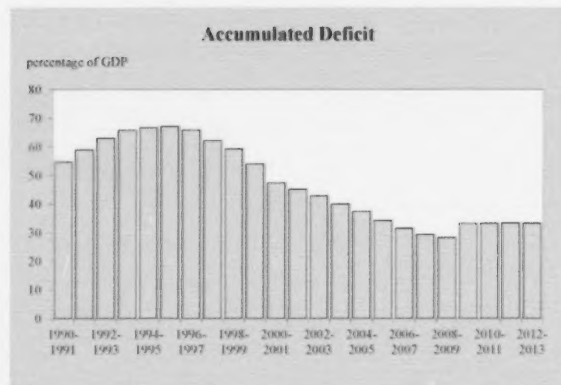
	2012-2013	2011-2012	Difference
	Restated ⁽¹⁾		
	(in millions of dollars)		
Accumulated deficit at beginning of year — as previously reported	582,176	553,664	28,512
Accounting changes and restatement — Accumulated sick leave entitlements	1,400	1,341	59
Accumulated deficit at beginning of year — as restated	583,576	555,005	28,571
Annual deficit	18,929	26,279	(7,350)
Other comprehensive (income) or loss	(64)	2,292	(2,356)
Accumulated deficit at end of year	602,441	583,576	18,865

⁽¹⁾ Certain comparative figures have been restated.

The opening balance of the accumulated deficit in 2011-2012 and 2012-2013 has been restated to reflect the recording, for the first time, of an obligation for accumulated sick leave entitlements of public sector employees that are anticipated to be used in the future. This restatement has resulted in an increase in the Government's obligation for other employee and veteran future benefits and a resulting increase in the opening balance of the accumulated deficit of \$1.3 billion in 2011-2012 and \$1.4 billion in 2012-2013, as well as an increase of \$0.1 billion in the 2011-2012 annual deficit. Further details regarding this accounting change and restatement can be found in Note 2 to the Consolidated Financial Statements of the Government of Canada in Section 2 of this volume.

The accumulated deficit increased by \$18.9 billion in 2012-2013, reflecting the 2012-2013 budgetary deficit, offset slightly by \$0.1 billion in other comprehensive income. The \$0.1 billion in other comprehensive income reflects \$0.7 billion in net unrealized gains on available-for-sale financial assets, including gains on the revaluation of the Government's holdings of General Motors common shares, largely offset by \$0.6 billion in net actuarial losses on pension and other employee future benefits recorded by enterprise Crown corporations and other government business enterprises.

The accumulated deficit stood at 33.1 percent of GDP at March 31, 2013, less than half of its post World War II peak of 67.1 percent at March 31, 1996.



As noted above, the accumulated deficit is the difference between the Government's total liabilities and total assets. Total liabilities include interest bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non financial assets, the latter consisting primarily of capital assets. The following sections provide more detail on each of these components.

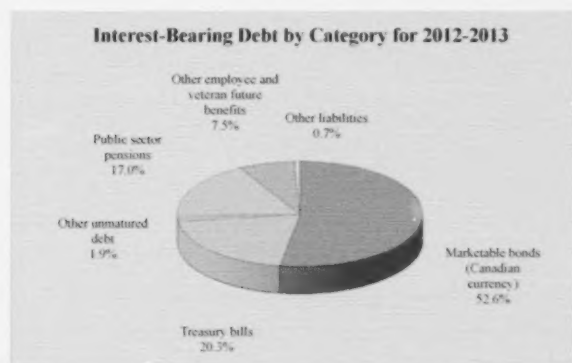
Statement of Financial Position

	2012-2013	2011-2012	Difference
	Restated ⁽¹⁾		
	(in millions of dollars)		
Liabilities			
Accounts payable and accrued liabilities	118,744	125,003	(6,259)
Interest-bearing debt —			
Unmatured debt	667,000	626,352	40,648
Pensions and other future benefits	218,968	210,826	8,142
Other liabilities	6,046	6,933	(887)
Total	892,014	844,111	47,903
Total liabilities	1,010,758	969,114	41,644
Financial assets			
Cash and accounts receivable	124,154	107,662	16,492
Foreign exchange accounts	58,759	56,997	1,762
Loans, investments and advances	156,482	152,920	3,562
Total financial assets	339,395	317,579	21,816
Net debt	671,363	651,535	19,828
Non financial assets	68,922	67,959	963
Accumulated deficit	602,441	583,576	18,865

⁽¹⁾ Certain comparative figures have been restated.

Interest Bearing Debt

Interest bearing debt includes unmatured debt, or debt issued on the credit markets, obligations for pensions and other future benefits, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign currency denominated debt, and obligations related to capital leases, amounted to 74.8 percent of interest-bearing debt at March 31, 2013. Obligations for pensions and other future benefits include obligations for: federal public sector pension plans; disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants; health care and dental plans available to retired employees and their dependants; accumulated sick leave entitlements; severance benefits; and workers' compensation benefits. Obligations for federal public sector pension plans made up 17.0 percent of interest bearing debt and other employee and veteran future benefits accounted for an additional 7.5 percent of interest-bearing debt. The remaining 0.7 percent of interest bearing debt represents other interest bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts. The share of total interest bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008-2009 due to the increase in financial requirements stemming from the stimulus phase of the Economic Action Plan, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of Canada Mortgage and Housing Corporation, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.



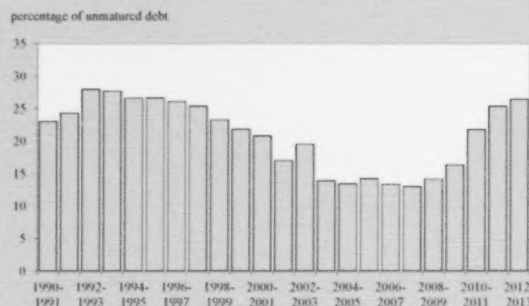
At March 31, 2013, interest bearing debt totalled \$892.0 billion, up \$47.9 billion from March 31, 2012. Within interest bearing debt, unmatured debt increased by \$40.6 billion, pensions increased by \$2.8 billion, other employee and veteran future benefits increased by \$5.4 billion, and other liabilities decreased by \$0.9 billion.

The \$40.6 billion increase in unmatured debt, mainly in marketable bonds and treasury bills, largely reflects financing requirements associated with the budgetary deficit as well as borrowing requirements to implement the Government's new prudential liquidity plan. In Budget 2011, the Government announced its intention to increase its liquidity position by \$35 billion over a three year period beginning in 2011-2012. The increased liquidity is held in the form of foreign exchange reserves and government deposits with financial institutions and the Bank of Canada. Once the liquidity plan is fully implemented, the Government's overall liquidity levels will cover at least one month of the net projected cash flows, including coupon payments and debt refinancing needs.

The Bank of Canada and the Department of Finance manage the Government's unmatured debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance's *Debt Management Strategy*.

Foreign holdings of the Government's unmatured debt are estimated at \$175.9 billion⁽³⁾, representing approximately 26.4 percent of the Government's total unmatured debt.

Foreign Holdings of Government of Canada Unmatured Debt



The Government's total liabilities for pensions and other employee and veteran future benefits stood at \$219.0 billion at March 31, 2013, up \$8.1 billion from the prior year. These liabilities represent the estimated present value of future pension and other benefits earned to March 31, 2013 by current and former employees, net of the value of assets set aside to fund these obligations, as measured annually on an actuarial basis.

⁽³⁾ This estimate is based on foreign holdings as of June 30, 2012 as the balance of foreign holdings as of March 31, 2013 was not available at the time of production of the *Public Accounts of Canada*.

The following table illustrates the change in the total liabilities for pension and other employee future benefits in 2012-2013.

Liabilities for pensions and other future benefits

	Pension Benefits	Other future benefits	Total
	Restated ⁽¹⁾ (in millions of dollars)		
Liabilities at beginning of year	148,911	61,915	210,826
Add:			
Future benefits earned by employees during the year	6,504	3,335	9,839
Interest on the accrued benefit obligations, net of the expected return on investments	9,162	2,590	11,752
Actuarial losses recognized during the year	1,903	3,875	5,778
Plan amendments, curtailments and settlements		823	823
	17,569	10,623	28,192
Deduct:			
Benefits paid during the year	9,534	5,183	14,717
Net transfers to the PSPIB for investment	4,635		4,635
Transfers to/from other plans and administrative expenses	644	54	698
	14,813	5,237	20,050
Net increase in liabilities	2,756	5,386	8,142
Liabilities at end of year	151,667	67,301	218,968

⁽¹⁾ The beginning balance of other future benefits has been restated. Information regarding this restatement can be found in the Accumulated Deficit section of the Financial Statements Discussion and Analysis.

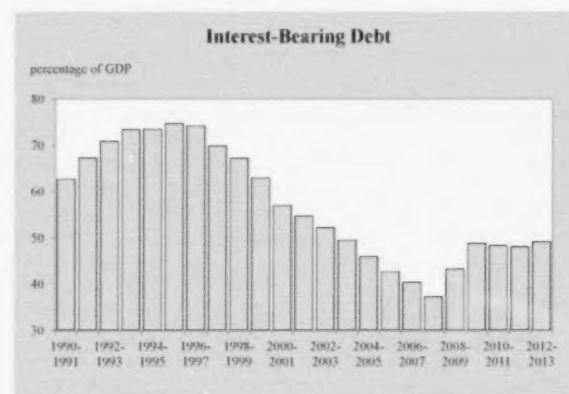
The increase in liabilities for pensions and other future benefits in 2012-2013 reflects the addition of \$9.8 billion in future benefits earned by employees during the year as well as \$11.8 billion in net interest charges on the liabilities. Accounting standards require that liabilities due a long time into the future be recorded at their estimated present, or discounted, value. For the Government's funded pension benefits, which relate to post-March 2000 service under its three main pension plans — the public service, Canadian Forces - Regular Force and Royal Canadian Mounted Police pension plans — as well as benefits under the Canadian Forces - Reserve Force pension plan, the discount rate is based on the streamed expected rates of return on invested funds. For benefits related to pre-April 2000 service under these main plans, as well as benefits under several smaller plans sponsored by the Government, which are unfunded, the discount rate is based on the streamed weighted average of long-term bond rates. For other future benefits, the discount rate reflects the expected long-term bond rate at the valuation date. Interest is recorded on the liabilities for pensions and other future benefits each year, net of the expected return on investments associated with funded pension benefits, to reflect the passage of time as the liabilities are one year closer to settlement. Net interest charges are recorded as part of public debt charges while benefits expense is recorded as part of ministries expenses on the Consolidated Statement of Operations and Accumulated Deficit.

The liabilities for pensions and other future benefits increased by an additional \$5.8 billion in 2012-2013 due to the recognition of prior years' actuarial gains and losses. Actuarial gains and losses represent year-over-year increases or decreases in the estimated value of the Government's pension and other future benefit obligations and the value of related assets due to changes in actuarial assumptions or actual experience different from that previously estimated. Actuarial assumptions include future inflation, interest rates, return on investments, general wage increases, workforce composition, retirement rates and mortality rates. Under Canadian public sector accounting standards, which are set independently by the Public Sector Accounting Board, actuarial gains and losses are not recognized immediately but instead are recognized over the expected average remaining service life of the employee, which represents periods ranging from 5 to 23 years, according to the plan in question. As of March 31, 2013, the Government had an unrecognized net actuarial loss of \$50.9 billion. This loss will be reflected over time in the liabilities and recorded as part of ministries expenses.

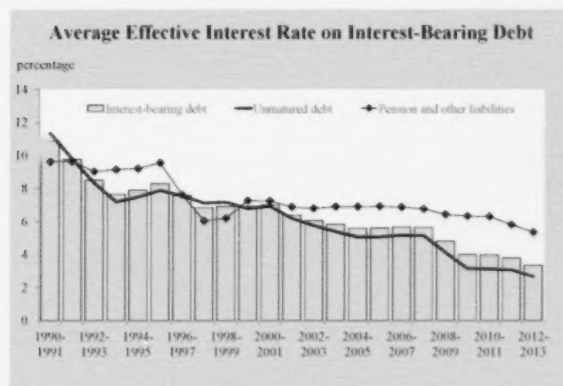
These increases were offset in part by reductions in the liabilities for benefits paid during the year (\$14.7 billion), and for amounts transferred to the Public Sector Pension Investment Board (PSPIB) for investment (\$4.6 billion).

Further details on the federal public sector pension plans and other employee and veteran future benefits are contained in Section 6 of this volume.

Interest-bearing debt stood at 49.0 percent of GDP in 2012-2013, up slightly from 48.0 percent in 2011-2012. This ratio is down close to 26 percentage points from its high of 74.6 percent in 1995-1996.

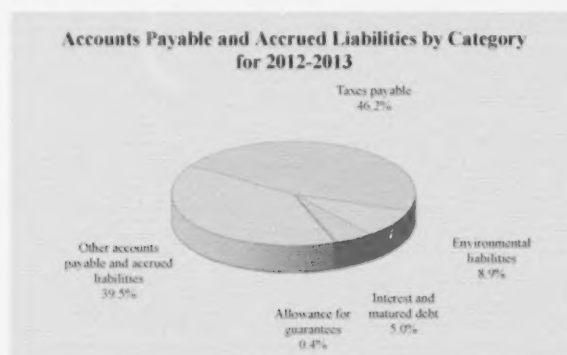


The average effective interest rate on the Government's interest-bearing debt in 2012-2013 was 3.4 percent, down from 3.8 percent in 2011-2012. The average effective interest rate on unmatured debt in 2012-2013 was 2.7 percent, while the average effective interest rate on pension and other liabilities was 5.4 percent. The average effective interest rate was higher on pension and other liabilities than on unmatured debt because the Government's unfunded pension liability is primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short- and long-term securities.



Accounts Payable and Accrued Liabilities

The following chart shows accounts payable and accrued liabilities by category for 2012-2013.



The Government's accounts payable and accrued liabilities consist of amounts payable to taxpayers based on assessments and estimates of refunds owing for tax assessments not completed by year end; environmental liabilities, which include estimated costs related to the remediation of contaminated sites and the future restoration of certain tangible capital assets; interest due and matured debt, as well as accrued interest at year end; an allowance for guarantees provided by the Government; and, other accounts payable and accrued liabilities. Other accounts payable and accrued liabilities include items such as accrued salaries and benefits, amounts payable to provinces, territories and Aboriginal governments for taxes collected and administered on their behalf in accordance with tax collection agreements, deferred revenues, as well as amounts owing at year end pursuant to contractual arrangements or for work performed or goods received.

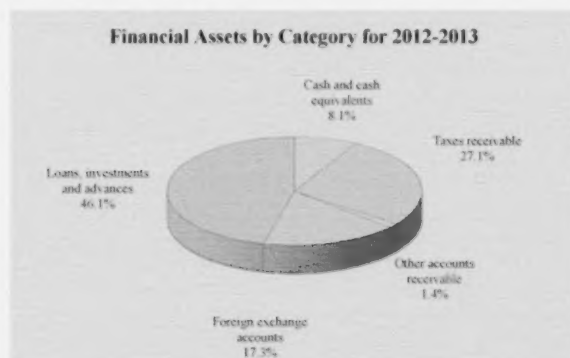
At March 31, 2013, accounts payable and accrued liabilities totalled \$118.7 billion, down \$6.3 billion from March 31, 2012. This decrease is mainly due to a reduction in other accounts payable and accrued liabilities, offset in part by an increase in taxes payable and environmental liabilities.

Other accounts payable and accrued liabilities decreased by \$11.9 billion in 2012-2013, driven in large part by a \$7.1 billion decrease in liabilities under provincial, territorial and Aboriginal tax agreements, reflecting the acceleration of payments to provinces for corporate income tax revenues during 2012-2013, the settlement of prior years' tax assessments, and timing differences. The remaining decrease in accounts payable and accrued liabilities is due to a number of factors including the payment of \$0.7 billion to Quebec for sales tax harmonization assistance accrued in 2011-2012 and the amortization of deferred spectrum licence fees received in 2008-2009, which are being recognized as part of other revenues on a straight-line basis over the ten-year term of the licences.

Taxes payable increased by \$3.9 billion in 2012-2013, from \$51.0 billion at March 31, 2012 to \$54.9 billion at March 31, 2013. Environmental liabilities increased by \$2.2 billion in 2012-2013, largely reflecting the increase in Atomic Energy of Canada Limited's liability for nuclear decommissioning and waste management. Liabilities for interest payable and matured debt decreased by \$0.4 billion from the prior year, largely reflecting lower interest rates. The allowance for guarantees provided by the Government decreased by \$0.1 billion.

Financial Assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, and loans, investments and advances. The Government's foreign exchange accounts include foreign currency deposits, investments in gold, and subscriptions and loans to the International Monetary Fund. Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in the foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments in and loans to enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.



At March 31, 2013, financial assets amounted to \$339.4 billion, up \$21.8 billion from March 31, 2012. The increase in financial assets is largely due to an increase in the Government's balance of cash and cash equivalents, reflecting increased cash balances held under the prudential liquidity plan, an increase in taxes receivable and an increase in the Government's loans, investments and advances in enterprise Crown corporations and other government business enterprises.

At March 31, 2013, cash and cash equivalents totalled \$27.3 billion, up \$10.2 billion from March 31, 2012. Included in the balance of cash and cash equivalents is \$15 billion which has been designated as a deposit held with respect to prudential liquidity management.

Taxes receivable increased by \$6.1 billion during 2012-2013, from \$86.0 billion to \$92.1 billion, reflecting growth in tax revenues. Other accounts receivable increased by \$0.2 billion to \$4.7 billion.

Foreign exchange accounts increased by \$1.8 billion in 2012-2013, totalling \$58.8 billion at March 31, 2013. Within this component, foreign exchange reserves held in the Exchange Fund Account increased by \$1.2 billion, following an increase of \$8.1 billion in 2011-2012. Going forward, under the prudential liquidity plan, liquid foreign exchange reserves will continue to rise sufficiently to maintain their level at or above 3 percent of GDP.

Loans, investments and advances in enterprise Crown corporations and other government business enterprises increased by \$2.7 billion in 2012-2013. Investments in enterprise Crown corporations and other government business enterprises increased by \$3.6 billion, as the \$5.0 billion in net profits recorded by these corporations and enterprises during 2012-2013 was offset in part by \$1.4 billion in dividends paid to the Government. Loans and advances to enterprise Crown corporations decreased by \$0.9 billion in 2012-2013, due mainly to a decrease in loans to Crown corporations under the consolidated borrowing framework. This decrease was driven largely by prepayments under the Insured Mortgage Purchase Program administered by Canada Mortgage and Housing Corporation, offset in part by increased borrowing requirements from Farm Credit Canada to support growth in its lending portfolio.

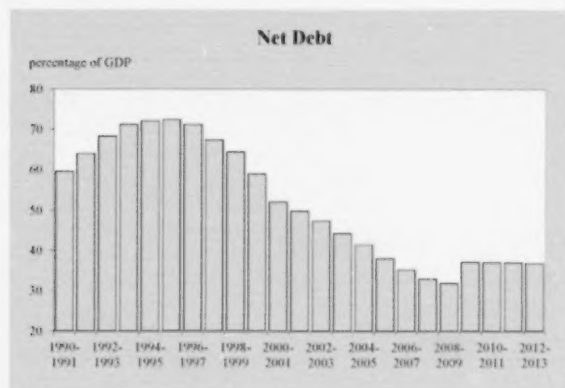
Other loans, investments and advances increased by \$0.9 billion, from \$22.3 billion to \$23.1 billion, reflecting in large part an increase in loans outstanding under the Canada Student Loans Program.

Since the accumulated deficit reached its post-World War II peak of 67.1 percent of GDP at March 31, 1996, financial assets have increased by \$246.7 billion due to higher levels of cash and cash equivalents and accounts receivable (up \$71.6 billion), an increase in the foreign exchange accounts (up \$39.7 billion) and an increase in loans, investments and advances (up \$135.5 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s and more recently in the 2011-2012 *Debt Management Strategy* to increase its liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

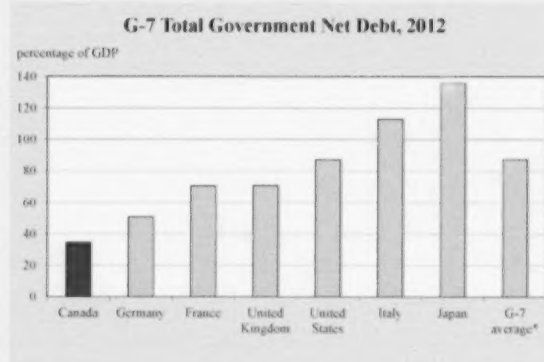
Net Debt

The Government's net debt — its total liabilities less financial assets — stood at \$671.4 billion at March 31, 2013. Net debt was 36.9 percent of GDP, down 0.1 percentage points from a year earlier, and 35.6 percentage points below its peak of 72.5 percent at March 31, 1996.

This ratio measures debt relative to the ability of the country's tax payers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.



Canada Has the Lowest Total Government Net Debt Burden Among G-7 Countries



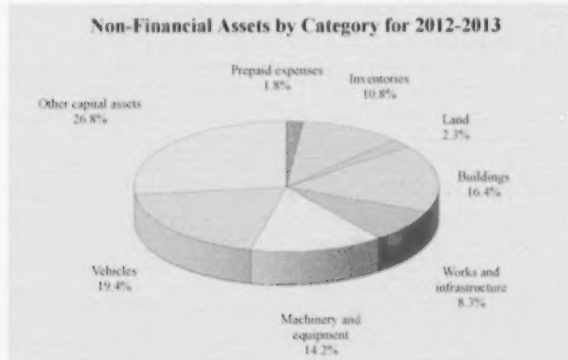
Source: OECD Economic Outlook, No. 93 (May 2012). Data for 2012 are OECD estimates.
*Weighted by GDP on a Purchasing Power Parity (PPP) basis.

Canada's total government net debt to GDP ratio stood at 34.5 percent in 2012, according to the OECD. This is by far the lowest level among G-7 countries, which the OECD estimates will record an average net debt of 87.3 percent of GDP in that same year.

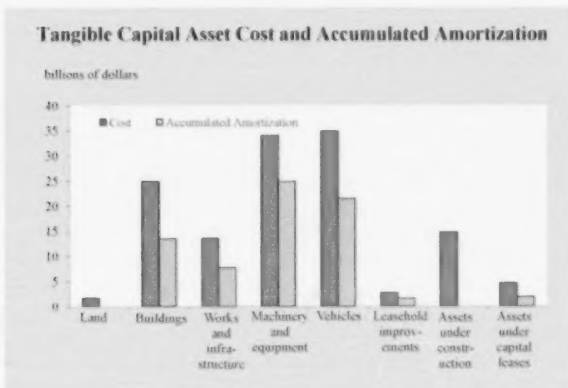
International comparisons of net debt are made on a total government, National Accounts basis, which for Canada includes the net debt of federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan.

Non Financial Assets

Non financial assets include the net book value of the Government's tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non financial assets also include inventories and prepaid expenses.



At March 31, 2013, non financial assets stood at \$68.9 billion, up \$1.0 billion from a year earlier, primarily due to an increase in tangible capital assets. At March 31, 2013, roughly 62 percent of the original cost of the Government's depreciable tangible capital assets had been amortized, compared to 61 percent a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.



Cash Flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2012-2013, the Government had a total cash requirement of \$27.3 billion before financing activities, compared to a total cash requirement of \$31.5 billion before financing activities in 2011-2012. Operating activities resulted in a net cash requirement of \$21.6 billion in 2012-2013, compared to a net cash requirement of \$29.0 billion in 2011-2012, reflecting the improvement in the budgetary balance. Cash used by capital investment activities increased by \$0.5 billion, from \$6.3 billion in 2011-2012 to \$6.8 billion in 2012-2013, while cash provided by investing activities decreased by \$2.7 billion, from \$3.8 billion in 2011-2012 to \$1.1 billion in 2012-2013.

Cash Flow

	2012-2013	2011-2012
	(in millions of dollars)	
Cash used by operating activities	(21,620)	(28,992)
Cash used by capital investment activities	(6,768)	(6,312)
Cash provided by investing activities	1,106	3,760
Total cash used before financing activities	(27,282)	(31,544)
Cash provided by financing activities	37,480	34,364
Net increase in cash	10,198	2,820
Cash and cash equivalents at beginning of year	17,143	14,323
Cash and cash equivalents at end of year	27,341	17,143

The Government financed this financial requirement of \$27.3 billion and increased its balance of cash and cash equivalents by \$10.2 billion primarily through the issuance of marketable bonds and treasury bills. Cash provided by financing activities totaled \$37.5 billion in 2012-2013, up from \$34.4 billion in 2011-2012.

Risks and Uncertainties

As noted in the budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions — particularly to changes in economic growth, inflation and interest rates.

To illustrate the impact of changes in economic conditions, the Department of Finance publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in the March 21, 2013 budget, these show, for example, that:

- A one year, 1 percentage point decrease in real GDP growth would lower the budgetary balance by \$3.8 billion in the first year, \$4.3 billion in the second year, and \$5.6 billion in the fifth year.
- A one year, 1 percentage point decrease in GDP inflation would lower the budgetary balance by \$2.0 billion in the first year, \$2.0 billion in the second year, and \$2.0 billion in the fifth year.
- A sustained 100 basis point increase in interest rates would lower the budgetary balance by \$0.5 billion in the first year, \$1.3 billion in the second year, and \$1.8 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance with respect to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

Ten Year Comparative Financial Information

This part provides a ten year comparison of financial information based on the accounting policies explained in Note 1 to the audited consolidated financial statements in Section 2 of this volume.

Table 1.1

Government of Canada

Detailed Consolidated Statement of Operations and Accumulated Deficit

(in millions of dollars)

	Year ended March 31 ⁽¹⁾									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 ⁽²⁾	2013
Revenues —										
Tax Revenues —										
Income tax revenues —										
Personal	93,012	98,620	103,770	110,575	113,528	116,612	105,040	114,661	120,537	125,728
Corporate	28,612	31,422	33,209	39,361	42,212	31,243	32,247	31,953	33,641	34,986
Non resident	3,142	3,560	4,529	4,877	5,693	6,298	5,293	5,137	5,300	5,073
	124,766	133,602	141,508	154,813	161,433	154,153	142,580	151,751	159,478	165,787
Other taxes and duties —										
Goods and services tax	28,286	29,758	33,020	31,296	29,920	25,740	26,947	28,379	28,370	28,821
Energy taxes	4,952	5,054	5,076	5,128	5,139	5,161	5,178	5,342	5,328	5,381
Customs import duties	2,887	3,091	3,330	3,704	3,903	4,036	3,490	3,520	3,862	3,979
Other excise taxes and duties	5,240	4,954	4,730	5,189	5,245	4,869	4,958	5,662	5,546	5,370
	41,365	42,857	46,156	45,317	44,207	39,806	40,573	42,903	43,106	43,551
Total tax revenues	166,131	176,459	187,664	200,130	205,640	193,959	183,153	194,654	202,584	209,338
Employment Insurance Premiums	17,546	17,307	16,535	16,789	16,558	16,887	16,761	17,501	18,556	20,395
Other Revenues —										
Crown corporations	5,917	6,825	7,198	7,503	6,504	7,760	7,622	12,937	12,024	11,448
Other programs	9,104	12,471	10,932	12,261	14,951	16,944	12,920	13,939	14,274	13,952
Net foreign exchange	2,090	1,175	2,014	1,714	1,872	1,736	1,647	1,809	1,669	1,502
Total other revenues	17,111	20,471	20,144	21,478	23,327	26,440	22,189	28,685	27,967	26,902
Total Revenues	200,788	214,237	224,343	238,397	245,525	237,286	222,103	240,840	249,107	256,635
Expenses —										
Transfer Payments —										
Old age security benefits, guaranteed income supplement and spouse's allowance	26,902	27,871	28,992	30,284	31,955	33,377	34,653	35,629	38,045	40,255
Major transfer payments to other levels of government —										
Canada health and social transfer	22,341	28,031								
Canada health transfer			19,000	20,140	21,474	22,759	24,820	26,031	27,174	28,912
Canada social transfer			8,225	8,500	9,872	10,568	10,858	11,179	11,514	11,860
Fiscal arrangements	10,004	13,467	12,977	13,740	15,178	15,807	16,789	17,577	19,188	19,688
Quebec abatement	(3,295)	(3,350)	(3,327)	(3,884)	(3,328)	(3,643)	(3,299)	(3,751)	(3,929)	(4,093)
Other major transfers	320	3,779	3,882	3,985	2,923	985	7,772	1,751	2,847	2,903
	29,370	41,927	40,757	42,481	46,119	46,476	56,940	52,787	56,794	58,370
Employment insurance benefits	15,058	14,748	14,417	14,084	14,298	16,308	21,586	19,850	17,647	17,099
Children's benefits	8,062	8,688	9,200	11,214	11,894	11,901	12,340	12,656	12,726	12,975
Other transfer payments	26,295	29,118	28,634	30,693	31,269	34,793	45,949	43,155	37,720	34,862
Total transfer payments	105,687	122,352	122,000	128,756	135,535	142,855	171,468	164,077	162,932	163,561
Other Program Expenses —										
Crown corporations	4,474	6,835	5,076	5,109	5,185	5,859	7,400	7,584	8,198	9,512
Ministries	45,713	49,469	50,277	56,835	61,883	63,337	69,419	71,680	73,176	73,338
Total other program expenses	50,187	56,304	55,353	61,944	67,068	69,196	76,819	79,264	81,374	82,850
Total program expenses	155,874	178,656	177,353	190,700	202,603	212,051	248,287	243,341	244,306	246,411
Public Debt Charges	35,769	34,118	33,772	33,945	33,325	30,990	29,414	30,871	31,080	29,153
Total Expenses	191,643	212,774	211,125	224,645	235,928	243,041	277,701	274,212	275,386	275,564
Annual (Surplus) or Deficit	(9,145)	(1,463)	(13,218)	(13,752)	(9,597)	5,755	55,598	33,372	26,279	18,929
Accumulated Deficit at Beginning of Year —										
as Previously Reported	505,325	496,180	494,717	481,499	467,268	457,637	463,710	519,097	553,664	582,176
Accounting Changes and Restatement —										
Accumulated Sick Leave Entitlements									1,341	1,400
Accumulated Deficit at Beginning of Year —										
as Restated									555,005	583,576
Other Comprehensive (Income) or Loss				(479)	(34)	318	(211)	(2,142)	2,292	(64)
Accumulated Deficit at End of Year	496,180	494,717	481,499	467,268	457,637	463,710	519,097	550,327	583,576	602,411

(1) Certain comparative figures have been reclassified as a result of an accounting change for tax revenues and to conform to the current year's presentation.

(2) Certain figures have been restated in relation to accumulated sick leave entitlements. However, only the 2012 comparative figures have been restated as earlier year information is not available. Details on both the reclassification and restatement can be found in Note 2, Section 2 of this Volume.

Public Accounts of Canada, 2012-2013

Table 1.2
Government of Canada
Detailed Consolidated Statement of Financial Position
(in millions of dollars)

	As at March 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013
Liabilities										
<i>Accounts Payable and Accrued Liabilities —</i>										
Other accounts payable and accrued liabilities	36,905	46,045	48,263	50,730	47,000	49,379	58,284	55,342	58,804	46,884
Taxes payable	33,040	35,650	38,402	41,388	49,010	50,845	48,251	48,648	50,952	54,877
Environmental liabilities	3,564	5,624	5,861	6,062	6,669	6,342	6,602	7,745	8,362	10,600
Interest and matured debt	8,933	8,104	7,875	7,516	7,182	6,919	6,853	6,733	6,379	5,955
Allowance for guarantees	2,770	2,317	1,031	815	602	514	535	592	506	428
<i>Total accounts payable and accrued liabilities</i>	<i>85,212</i>	<i>97,740</i>	<i>101,432</i>	<i>106,511</i>	<i>110,463</i>	<i>113,999</i>	<i>120,525</i>	<i>119,060</i>	<i>125,003</i>	<i>118,744</i>
<i>Interest bearing Debt —</i>										
<i>Unmatured debt —</i>										
<i>Payable in Canadian currency —</i>										
Marketable bonds	277,780	265,798	261,134	257,482	253,550	295,186	367,962	416,080	448,140	469,039
Treasury bills	113,378	127,199	131,597	134,074	116,936	192,275	175,849	162,980	163,221	180,689
Retail debt	21,330	19,080	17,342	15,175	13,068	12,532	11,855	10,141	8,922	7,481
Bonds for Canada Pension Plan	3,427	3,393	3,102	1,743	1,042	523	452	27	11	
	<i>415,915</i>	<i>415,470</i>	<i>413,175</i>	<i>408,474</i>	<i>384,596</i>	<i>500,516</i>	<i>556,118</i>	<i>589,228</i>	<i>620,294</i>	<i>657,209</i>
Payable in foreign currencies	20,542	16,286	14,085	10,372	9,498	10,381	8,243	7,628	10,715	10,802
Cross-currency swap revaluation	363	(922)	(2,258)	(1,091)	(1,420)	3,690	(4,233)	(5,091)	(4,448)	(3,419)
Unamortized discounts and premiums on market debt	(5,610)	(6,342)	(6,780)	(6,659)	(6,213)	(4,751)	(5,092)	(4,485)	(4,295)	(2,156)
Obligation related to capital leases	2,774	2,932	2,927	3,096	4,236	4,184	4,090	3,685	3,633	3,647
Other unamortized debt								190	453	917
<i>Total unamortized debt</i>	<i>433,984</i>	<i>427,424</i>	<i>421,149</i>	<i>414,192</i>	<i>390,697</i>	<i>514,020</i>	<i>559,126</i>	<i>591,155</i>	<i>626,352</i>	<i>667,000</i>
<i>Pensions and other future benefits —</i>										
Public sector pensions	127,560	129,579	131,062	134,726	137,371	139,909	142,843	146,135	148,911	151,667
Other employee and veteran future benefits	39,367	41,549	43,369	45,123	47,901	50,311	54,227	58,206	61,915	67,301
<i>Total pensions and other future benefits</i>	<i>166,927</i>	<i>171,128</i>	<i>174,431</i>	<i>179,849</i>	<i>185,272</i>	<i>190,220</i>	<i>197,070</i>	<i>204,341</i>	<i>210,826</i>	<i>218,968</i>
Due to Canada Pension Plan	7,483	2,771	151	54	106	90	175	23	138	68
Other liabilities	6,488	5,909	5,342	5,157	5,789	5,833	6,412	6,292	6,795	5,978
<i>Total interest bearing debt</i>	<i>614,882</i>	<i>607,232</i>	<i>601,073</i>	<i>599,252</i>	<i>581,864</i>	<i>710,163</i>	<i>762,783</i>	<i>801,811</i>	<i>844,111</i>	<i>892,014</i>
Total Liabilities	700,094	704,972	702,505	705,763	692,327	824,162	883,308	920,871	969,114	1,010,758
Financial Assets										
<i>Cash and Accounts Receivable —</i>										
Cash and cash equivalents	20,572	20,615	21,149	22,696	13,729	46,985	28,450	14,323	17,143	27,341
Taxes receivable	47,953	53,477	59,113	66,492	65,902	71,911	69,063	78,626	86,006	92,115
Other accounts receivable	2,476	2,254	2,581	3,398	3,247	3,251	3,692	3,958	4,513	4,698
<i>Total cash and accounts receivable</i>	<i>71,001</i>	<i>76,346</i>	<i>82,843</i>	<i>92,586</i>	<i>82,878</i>	<i>122,147</i>	<i>101,205</i>	<i>96,907</i>	<i>107,662</i>	<i>124,154</i>
<i>Foreign Exchange Accounts —</i>										
International reserves held in the Exchange Fund										
Account	41,247	39,114	40,936	44,673	42,904	51,194	53,701	54,041	62,141	63,381
International Monetary Fund — Subscriptions	12,185	11,240	10,673	11,106	10,752	12,011	9,823	9,792	9,842	9,694
International Monetary Fund — Loans							337	1,139	1,325	1,457
Less: International Monetary Fund — Notes payable and special drawing rights allocations	9,119	9,483	10,782	11,601	11,357	11,496	16,911	16,465	16,311	15,773
<i>Total foreign exchange accounts</i>	<i>44,313</i>	<i>40,871</i>	<i>40,827</i>	<i>44,178</i>	<i>42,299</i>	<i>51,709</i>	<i>46,950</i>	<i>48,507</i>	<i>56,997</i>	<i>58,759</i>
<i>Loans, Investments and Advances —</i>										
Enterprise Crown corporations and other government business enterprises	14,594	17,625	20,581	23,683	30,167	104,049	129,523	135,673	130,662	133,348
Other loans, investments and advances	19,184	20,543	21,305	21,411	20,702	21,044	23,158	22,876	22,258	23,134
<i>Total loans, investments and advances</i>	<i>33,778</i>	<i>38,168</i>	<i>41,889</i>	<i>45,094</i>	<i>50,869</i>	<i>125,093</i>	<i>152,681</i>	<i>158,549</i>	<i>152,920</i>	<i>156,482</i>
Total Financial Assets	149,092	155,385	165,559	181,858	176,046	298,949	300,836	303,963	317,579	339,395
Net Debt	551,002	549,587	536,946	523,905	516,281	525,213	582,472	616,908	651,535	671,363
Non financial Assets										
Tangible capital assets	47,748	48,210	48,355	49,036	51,175	53,326	55,054	57,668	59,047	60,241
Inventories	6,134	5,525	5,875	5,988	6,248	6,348	6,192	6,830	6,996	7,453
Prepaid expenses	940	1,135	1,217	1,613	1,221	1,829	2,129	2,083	1,916	1,228
Total Non financial Assets	54,822	54,870	55,447	56,637	58,644	61,503	63,375	66,581	67,959	68,922
Accumulated Deficit	496,180	494,717	481,499	467,268	457,637	463,710	519,097	550,327	583,576	602,441

⁽¹⁾ Certain figures have been restated in relation to accumulated sick leave entitlements. However, only the 2012 comparative figures have been restated since prior years information is not available. Details on the restatement can be found in Note 2, Section 2 of this Volume.

1.18 Financial Statements Discussion and Analysis

Table 1.3
Government of Canada
Detailed Consolidated Statement of Change in Net Debt
(in millions of dollars)

	Year ended March 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾ (2)	2013
Net Debt at Beginning of Year —										
as Previously Reported	559,570	551,002	549,587	536,946	523,905	516,281	525,213	582,472	620,245	650,135
Accounting Changes and Restatement —										
Accumulated Sick Leave Entitlements									1,341	1,400
Net Debt at Beginning of Year —									621,586	651,535
as Restated										
Change in Net Debt during										
the Year —										
Annual (Surplus) or Deficit	(9,145)	(1,463)	(13,218)	(13,752)	(9,597)	5,755	55,598	33,372	26,279	18,929
Change due to Tangible Capital										
Assets —										
Acquisition of tangible capital assets	4,535	4,619	4,046	4,789	5,957	6,249	7,136	8,061	6,976	7,175
Amortization of tangible capital assets	(3,502)	(3,696)	(3,904)	(3,807)	(3,954)	(4,176)	(4,418)	(4,756)	(4,859)	(5,184)
Proceeds from disposal of tangible capital assets	(91)	(144)	(146)	(202)	(440)	(608)	(297)	(447)	(664)	(407)
Net (loss) or gain on disposal of tangible capital assets, including adjustments	(231)	(317)	149	(99)	576	686	(693)	(244)	(74)	(390)
Total change due to tangible capital assets	711	462	145	681	2,139	2,151	1,728	2,614	1,379	1,194
Change due to Inventories	21	(609)	350	113	260	100	(156)	638	166	457
Change due to Prepaid Expenses	(155)	195	82	396	(392)	608	300	(46)	(167)	(688)
Net (Decrease) or Increase in Net Debt due to Operations	(8,568)	(1,415)	(12,641)	(12,562)	(7,590)	8,614	57,470	36,578	27,657	19,892
Other Comprehensive (Income) or Loss				(479)	(34)	318	(211)	(2,142)	2,292	(64)
Net (Decrease) or Increase in Net Debt	(8,568)	(1,415)	(12,641)	(13,041)	(7,624)	8,932	57,259	34,436	29,949	19,828
Net Debt at End of Year	551,002	549,587	536,946	523,905	516,281	525,213	582,472	616,908	651,535	671,363

⁽¹⁾ Certain figures have been restated in relation to accumulated sick leave entitlements. However, only the 2012 comparative figures have been restated since prior years information is not available. Details on the restatement can be found in Note 2, Section 2 of this Volume.

⁽²⁾ The opening balance of net debt has been increased by \$3,337 million to reflect the one-time prior year adjustment resulting from the transition of enterprise Crown corporations and other government business enterprises to international financial reporting standards.

Public Accounts of Canada, 2012-2013

Table 1.4
Government of Canada
Detailed Consolidated Statement of Cash Flow
(in millions of dollars)

	Year ended March 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013
Operating Activities —										
Annual Surplus or (Deficit)	9,145	1,463	13,218	13,752	9,597	(5,755)	(55,598)	(33,372)	(26,279)	(18,929)
Items not affecting cash —										
Share of annual profit in enterprise Crown corporations and other government business enterprises	(3,708)	(4,853)	(5,041)	(5,336)	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)
Amortization of tangible capital assets	3,502	3,696	3,904	3,807	3,954	4,176	4,418	4,756	4,859	5,184
Net loss or (gain) on disposal of tangible capital assets, including adjustments	231	317	(149)	99	(576)	(686)	693	244	74	390
Change in taxes receivable	(4,356)	(5,524)	(5,636)	(7,379)	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)
Change in pensions and other future benefits	2,375	4,201	3,303	5,418	5,423	4,948	6,850	7,271	5,144	8,142
Change in foreign exchange accounts	4,637	3,442	44	(3,351)	1,879	(9,410)	4,759	(1,557)	(8,490)	(1,762)
Change in accounts payable and accrued liabilities	2,016	12,528	3,692	5,079	3,952	3,536	6,526	(1,465)	5,943	(6,259)
Net change in other accounts	(675)	(6,718)	(4,866)	1	1,468	7,862	(5,642)	(987)	2,487	2,718
Cash provided or (used) by operating activities	13,167	8,552	8,469	12,090	22,031	(6,111)	(37,452)	(41,665)	(28,992)	(21,620)
Capital Investment Activities —										
Acquisition of tangible capital assets	(4,535)	(4,619)	(4,046)	(4,789)	(5,957)	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)
Proceeds from disposal of tangible capital assets	91	144	146	202	440	608	297	447	664	407
Cash used by capital investment activities	(4,444)	(4,475)	(3,900)	(4,587)	(5,517)	(5,641)	(6,839)	(7,614)	(6,312)	(6,768)
Investing Activities —										
Enterprise Crown corporations and other government business enterprises —										
Equity transactions	1,843	1,669	2,012	2,602	2,436	1,495	(3,226)	2,818	2,684	1,445
Issuance of loans and advances	(167)	(142)	(198)	(3,713)	(5,052)	(132,057)	(119,755)	(76,579)	(63,389)	(65,183)
Repayment of loans and advances	358	334	331	3,894	435	60,688	99,921	76,677	65,286	66,156
Issuance of other loans, investments and advances	(9,569)	(8,218)	(6,861)	(16,969)	(6,571)	(6,910)	(21,174)	(5,858)	(7,679)	(5,533)
Repayment of other loans, investments and advances	4,929	6,866	5,182	16,475	6,883	5,041	16,620	5,814	6,858	4,221
Cash provided or (used) by investing activities	(2,606)	509	466	2,289	(1,869)	(71,743)	(27,614)	2,872	3,760	1,106
Total Cash Generated or (Used) Before Financing Activities	6,117	4,586	5,035	9,792	14,645	(83,495)	(71,905)	(46,407)	(31,544)	(27,282)
Financing Activities —										
Issuance of Canadian currency borrowings	336,260	335,682	363,824	369,354	343,755	531,668	554,892	553,464	567,707	579,456
Repayment of Canadian currency borrowings	(337,734)	(335,969)	(366,123)	(373,886)	(366,493)	(415,801)	(499,383)	(520,569)	(536,430)	(542,063)
Issuance of foreign currency borrowings	14,227	13,608	15,859	11,586	11,099	24,500	22,212	8,195	12,743	7,782
Repayment of foreign currency borrowings	(14,826)	(17,864)	(18,061)	(15,299)	(11,973)	(23,616)	(24,351)	(8,810)	(9,656)	(7,695)
Cash (used) or provided by financing activities	(2,073)	(4,543)	(4,501)	(8,245)	(23,612)	116,751	53,370	32,280	34,364	37,480
Net Increase or (Decrease) in Cash	4,044	43	534	1,547	(8,967)	33,256	(18,535)	(14,127)	2,820	10,198
Cash and Cash Equivalents at Beginning of Year	16,528	20,572	20,615	21,149	22,696	13,729	46,985	28,450	14,323	17,143
Cash and Cash Equivalents at End of Year	20,572	20,615	21,149	22,696	13,729	46,985	28,450	14,323	17,143	27,341

⁽¹⁾ Certain figures have been restated in relation to accumulated sick leave entitlements. However, only the 2012 comparative figures have been restated since prior years information is not available. Details on the restatement can be found in Note 2, Section 2 of this Volume.

Table 1.5
Government of Canada
Detailed Consolidated Statement of Non-Budgetary Transactions and of Non-Financial Assets
(in millions of dollars)

	Year ended March 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013
Loans, Investments and Advances —										
Enterprise Crown corporations and other government business enterprises —										
Loans and advances —										
Canada Mortgage and Housing Corporation	219	190	200	148	258	(57,470)	(10,399)	2,693	2,974	3,472
Business Development Bank of Canada					(1,000)	(6,284)	(4,961)	(978)	662	(653)
Farm Credit Canada					(3,840)	(7,610)	(4,481)	(1,627)	(1,768)	(1,848)
Other	(28)	2	(67)	33	(35)	(5)	7	10	29	2
	191	192	133	181	(4,617)	(71,369)	(19,834)	98	1,897	973
Investments —										
Share of annual profit	(3,708)	(4,853)	(5,041)	(5,336)	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)
Other comprehensive (income) or loss				(479)	(34)	318	(211)	(2,142)	2,292	(64)
Dividends	1,907	1,944	2,027	2,604	2,436	2,095	1,391	2,818	2,028	1,445
Capital	(64)	(275)	(15)	(3)		(600)	(4,617)		656	
Transition adjustment									3,337	
	(1,865)	(3,184)	(3,029)	(3,214)	(1,854)	(2,960)	(5,743)	(6,316)	2,963	(3,614)
Total	(1,674)	(2,992)	(2,896)	(3,033)	(6,471)	(74,329)	(25,577)	(6,218)	4,860	(2,641)
Less:										
Amount expected to be repaid from future appropriations	62	39	63	66	32	(473)	(103)	(64)	(119)	44
Unamortized discounts and premiums					(19)	26		(4)	(32)	
Total	(1,736)	(3,031)	(2,959)	(3,099)	(6,484)	(73,882)	(25,474)	(6,150)	5,011	(2,685)
Other loans, investments and advances —										
Portfolio investments		1,225	(101)			6	2		12	5
National governments, including developing countries	572	171	158	80	143	(182)	235	69	40	18
International organizations	(72)	(253)	(224)	(491)	(321)	(905)	(454)	(826)	(704)	(885)
Provincial and territorial governments	(2,459)	(673)	14	285	899	217	590	257	(849)	803
Other loans, investments and advances	(2,681)	(1,822)	(1,524)	(367)	(410)	(1,005)	(4,926)	456	680	(1,254)
Total	(4,640)	(1,352)	(1,677)	(493)	311	(1,869)	(4,553)	(44)	(821)	(1,313)
Less: allowance for valuation	(376)	6	(915)	(387)	(398)	(1,527)	(2,440)	(326)	(1,439)	(436)
Total	(4,264)	(1,358)	(762)	(106)	709	(342)	(2,113)	282	618	(877)
Total loans, investments and advances	(6,000)	(4,389)	(3,721)	(3,205)	(5,775)	(74,224)	(27,587)	(5,868)	5,629	(3,562)
Pensions and Other Future										
Benefits —										
Public sector pensions	1,852	2,019	1,483	3,664	2,645	2,538	2,934	3,292	2,776	2,757
Other employee and veteran future benefits	523	2,182	1,820	1,754	2,778	2,410	3,916	3,979	3,707	5,386
Total pensions and other future benefits	2,375	4,201	3,303	5,418	5,423	4,948	6,850	7,271	6,483	8,143
Other Liabilities —										
Due to Canada Pension Plan	390	(4,712)	(2,620)	(97)	52	(16)	85	(152)	115	(70)
Other liabilities	(154)	(579)	(567)	(185)	632	44	579	(120)	503	(817)
Total other liabilities	236	(5,291)	(3,187)	(282)	684	28	664	(272)	618	(887)
Non Financial Assets —										
Tangible capital assets	(711)	(462)	(145)	(681)	(2,139)	(2,152)	(1,728)	(2,614)	(1,379)	(1,194)
Inventories	(21)	609	(350)	(113)	(260)	(100)	156	(638)	(166)	(458)
Prepaid expenses	155	(195)	(82)	(396)	392	(608)	(300)	46	167	688
Total non financial assets	(577)	(48)	(577)	(1,190)	(2,007)	(2,860)	(1,872)	(3,206)	(1,378)	(964)
Other Transactions —										
Taxes receivable	(4,356)	(5,524)	(5,636)	(7,379)	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)
Other accounts receivable	127	223	(327)	(817)	151	(3)	(441)	(266)	(555)	(185)
Provincial, territorial and Aboriginal tax agreements account	2,374	1,103	2,316	410	(1,311)	(168)	1,438	241	2,688	(7,130)
Taxes payable	(509)	2,610	2,752	2,986	7,622	1,835	(2,594)	397	2,304	3,925
Other liabilities	151	8,813	(1,376)	1,683	(2,359)	1,869	7,682	(2,103)	951	(3,054)
Total other transactions	(2,213)	7,225	(2,271)	(3,117)	4,693	(2,476)	8,933	(11,294)	(1,992)	(12,553)
Total Non-Budgetary Transactions and Non-Financial Assets	(6,179)	1,698	(6,453)	(2,376)	3,018	(74,584)	(13,012)	(13,369)	9,360	(9,823)

⁽¹⁾ Certain figures have been restated in relation to accumulated sick leave entitlements. However, only the 2012 comparative figures have been restated since prior years information is not available. Details on the restatement can be found in Note 2, Section 2 of this Volume.

Table 1.6

Government of Canada

Detailed Consolidated Statement of Foreign Exchange, Unmatured Debt and Cash Transactions

(in millions of dollars)

	Year ended March 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Foreign Exchange Accounts —										
International reserves held in the Exchange Fund										
Account	3,602	2,133	(1,822)	(3,737)	1,769	(8,290)	(2,507)	(340)	(8,100)	(1,240)
International Monetary Fund — Subscriptions	757	945	567	(433)	354	(1,259)	2,188	31	(50)	148
International Monetary Fund — Loans							(337)	(802)	(186)	(132)
	4,359	3,078	(1,255)	(4,170)	2,123	(9,549)	(656)	(1,111)	(8,336)	(1,224)
Less: International Monetary Fund —										
Notes payable	(336)	(453)	(1,412)	(771)	201	14	2,351	416	202	398
Special drawing rights allocations	58	89	113	(48)	43	(154)	(7,766)	30	(48)	139
	(278)	(364)	(1,299)	(819)	244	(140)	(5,415)	446	154	537
Total foreign exchange accounts	4,637	3,442	44	(3,351)	1,879	(9,409)	4,759	(1,557)	(8,490)	(1,761)
Unmatured Debt —										
Payable in Canadian currency —										
Marketable bonds	(9,354)	(11,981)	(4,664)	(3,652)	(3,932)	41,636	72,776	48,118	32,060	20,899
Treasury bills	8,967	13,821	4,398	2,477	(17,138)	75,339	(16,426)	(12,869)	241	17,468
Retail debt	(1,254)	(2,250)	(1,738)	(2,167)	(2,107)	(536)	(677)	(1,714)	(1,219)	(1,441)
Bonds for Canada Pension Plan	56	(35)	(291)	(1,359)	(700)	(519)	(71)	(425)	(16)	(11)
	(1,585)	(445)	(2,295)	(4,701)	(23,877)	115,919	55,602	33,110	31,066	36,915
Payable in foreign currencies	(599)	(4,256)	(2,201)	(3,713)	(875)	883	(2,138)	(615)	3,087	87
Cross-currency swap revaluation	(1,132)	(1,285)	(1,336)	1,167	(329)	5,110	(7,923)	(858)	643	1,029
Unamortized discounts and premiums on										
market debt	(354)	(732)	(438)	121	446	1,462	(341)	607	190	2,139
Obligation related to capital leases	111	158	(5)	169	1,140	(51)	(94)	(405)	(52)	13
Other unmatured debt								190	263	464
Total unmatured debt	(3,559)	(6,560)	(6,275)	(6,957)	(23,495)	123,323	45,106	32,029	35,197	40,647
Cash and Cash Equivalents										
at End of Year —										
In Canadian currency	20,559	20,607	21,152	22,701	13,733	46,989	28,124	13,902	16,493	27,130
In foreign currencies	13	8	(3)	(5)	(4)	(4)	326	421	650	211
Total cash and cash equivalents	20,572	20,615	21,149	22,696	13,729	46,985	28,450	14,323	17,143	27,341

Glossary of Terms

The following terms are used in this section and throughout the consolidated financial statements in Section 2 of this Volume. The definitions are taken from the following primary sources:

- TERMIUM at www.termiumplus.gc.ca/
- The *CICA Public Sector Accounting Handbook*
- Glossary of Frequently Used Terms, Finance Canada

Accounts of Canada —

The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

Accrued Benefit Obligation —

The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

Accumulated Deficit —

The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non financial.

Actuarial Valuation for Accounting Purposes —

An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation results in a calculation of the required future contributions or payments and a determination of any gains or losses since the last valuation.

Allowance —

Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

Appropriation —

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Capital Lease —

A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

Consolidated Revenue Fund —

The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

Consumer Price Index (CPI) —

A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

Contingent Liability —

A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

Contractual Obligation —

A written obligation to outside organizations or individuals as a result of a contract.

Defined Benefit Pension Plan —

A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

Enterprise Crown Corporation —

A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods and/or services to outside parties. An enterprise crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

Financial Assets —

An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

Full Accrual Accounting —

The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

G 7 (Group of Seven) —

The G 7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G-7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G-7 Finance Deputies.

Gross Domestic Product (GDP) —

The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself.

Net Book Value of Tangible Capital Assets —

The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

Net Debt —

The total liabilities of the government less its financial assets.

Non Financial Assets —

An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

Operating Lease —

A lease in which the lessor retains substantially all the benefits and risks of ownership.

Other comprehensive income —

Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available for sale or derivative instruments used in hedging activities.

Public Money —

All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

Real Return Bonds —

These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the consumer price index.

Retail Debt —

Canada Savings Bonds and Canada Premium Bonds.

Surplus —

The amount by which government revenue exceeds expenses in any given year.

Swap —

An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

Tangible Capital Asset —

A non financial asset having physical substance that:

(a) is held for use in the production or supply of goods and services; (b) has a useful economic life extending beyond an accounting period; and (c) has been acquired to be used on a continuing basis.

Transfer Payments —

A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not:

(a) receive any goods or services directly in return as would occur in a purchase/sales transaction; (b) expect to be repaid in the future, as would be expected in a loan; or (c) expect a financial return, as would be expected in an investment.

Section 2

2012-2013

Public Accounts of Canada

Consolidated Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada

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Preface to the Consolidated Financial Statements of the Government of Canada

The fundamental purpose of these consolidated financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These consolidated financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The consolidated financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the Consolidated Statement of Operations and Accumulated Deficit, which presents the Government's revenues, expenses, deficit, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the Consolidated Statement of Financial Position, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the Consolidated Statement of Change in Net Debt, which explains the difference between the Government's annual deficit and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit.

The fourth is the Consolidated Statement of Cash Flow, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada*, provide more detailed supplementary information in respect of matters reported in the consolidated financial statements. The Independent Auditor's Report on the consolidated financial statements does not extend to this supplementary information.

Statement of Responsibility

The consolidated financial statements in this section are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year except for the accounting changes and restatement described in Note 2.

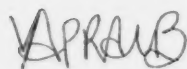
Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. The consolidated financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The consolidated financial statements are prepared on a full accrual basis of accounting whereby assets include both financial and non-financial assets, revenues, including tax revenues are recorded when earned, and expenses include accrued expenses and amortization of tangible capital assets. The information included in these consolidated financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

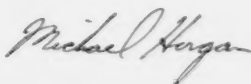
The Government presents the consolidated financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in section 6 of the *Auditor General Act*. Additional information is provided in the observations of the Auditor General of Canada at the end of this section.

Annually, the consolidated financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the consolidated financial statements and accompanying independent audit opinion.


On behalf of the Government of Canada.



Yaprak Baltacioğlu
Secretary of the
Treasury Board of
Canada



Michael Horgan
Deputy Minister of
Finance



Michelle d'Auray
Deputy Receiver General for
Canada



James Ralston
Comptroller General of
Canada

August 29, 2013



Auditor General of Canada
Vérificateur général du Canada

Independent Auditor's Report

To the House of Commons

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of Canada, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of operations and accumulated deficit, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Government's Responsibility for the Consolidated Financial Statements

The Government is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied, except for the change in the method of accounting for government transfers, on a basis consistent with that of the preceding year after giving retroactive effect to the change in the method of accounting for tax revenues, as explained in Note 2 to the consolidated financial statements.

Additional information and comments on the consolidated financial statements and this Report are included in my Observations at the end of Section 2, Volume 1 of the *Public Accounts of Canada 2013*.

Michael Ferguson, CPA, CA
FCA (New Brunswick)
Auditor General of Canada

29 August 2013
Ottawa, Canada

Government of Canada

Consolidated Statement of Operations and Accumulated Deficit
for the Year Ended March 31, 2013

(in millions of dollars)

	2013		2012
	Budget (Note 3)	Actual	Actual Restated (Note 2)
Revenues (Note 18)			
<i>Tax Revenues —</i>			
Income tax revenues —			
Personal	126,666	125,728	120,537
Corporate	34,317	34,986	33,641
Non resident	5,466	5,073	5,300
<i>Total income tax revenues</i>	<i>166,449</i>	<i>165,787</i>	<i>159,478</i>
Other taxes and duties —			
Goods and services tax	30,882	28,821	28,370
Energy taxes	5,443	5,381	5,328
Customs import duties	4,144	3,979	3,862
Other excise taxes and duties	5,428	5,370	5,546
<i>Total other taxes and duties</i>	<i>45,897</i>	<i>43,551</i>	<i>43,106</i>
<i>Total Tax Revenues</i>	<i>212,346</i>	<i>209,338</i>	<i>202,584</i>
<i>Employment Insurance Premiums</i>	<i>20,082</i>	<i>20,395</i>	<i>18,556</i>
<i>Other Revenues —</i>			
Crown corporations	10,514	11,448	12,024
Other programs	14,163	13,952	14,274
Net foreign exchange	1,609	1,502	1,669
<i>Total Other Revenues</i>	<i>26,286</i>	<i>26,902</i>	<i>27,967</i>
<i>Total Revenues</i>	<i>258,714</i>	<i>256,635</i>	<i>249,107</i>
Expenses (Notes 4 and 18)			
<i>Transfer Payments —</i>			
Old age security benefits, guaranteed income supplement and spouse's allowance	40,355	40,255	38,045
Major transfer payments to other levels of government	58,354	58,370	56,794
Employment insurance benefits	18,684	17,099	17,647
Children's benefits	13,163	12,975	12,726
Other transfer payments	37,833	34,862	37,720
<i>Total Transfer Payments</i>	<i>168,389</i>	<i>163,561</i>	<i>162,932</i>
<i>Other Program Expenses —</i>			
Crown corporations	7,370	9,512	8,198
Ministries	73,228	73,338	73,176
<i>Total Other Program Expenses</i>	<i>80,598</i>	<i>82,850</i>	<i>81,374</i>
<i>Total Program Expenses</i>	<i>248,987</i>	<i>246,411</i>	<i>244,306</i>
<i>Public Debt Charges</i>	<i>30,826</i>	<i>29,153</i>	<i>31,080</i>
<i>Total Expenses</i>	<i>279,813</i>	<i>275,564</i>	<i>275,386</i>
Annual Deficit	21,099	18,929	26,279
Accumulated Deficit at Beginning of Year — as Previously Reported	583,576	582,176	553,664
Accounting Changes and Restatement (Note 2) —			
Accumulated Sick Leave Entitlements		1,400	1,341
Accumulated Deficit at Beginning of Year — as Restated		583,576	555,005
Other Comprehensive (Income) Loss (Note 5)		(64)	2,292
Accumulated Deficit at End of Year (Note 5)	604,675	602,441	583,576

Certain comparative figures have been reclassified to conform to the current year's presentation.
The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Financial Position
as at March 31, 2013

(in millions of dollars)

	2013	2012 Restated (Note 2)
Liabilities		
<i>Accounts Payable and Accrued Liabilities —</i>		
Other accounts payable and accrued liabilities (Note 17)	46,884	58,804
Taxes payable	54,877	50,952
Environmental liabilities (Note 17)	10,600	8,362
Interest and matured debt	5,955	6,379
Allowance for guarantees (Note 17)	428	506
<i>Total Accounts Payable and Accrued Liabilities</i>	<i>118,744</i>	<i>125,003</i>
<i>Interest Bearing Debt —</i>		
Unmatured debt (Note 6)	667,000	626,352
Pensions and other future benefits —		
Public sector pensions (Note 7)	151,667	148,911
Other employee and veteran future benefits (Note 7)	67,301	61,915
<i>Total pensions and other future benefits</i>	<i>218,968</i>	<i>210,826</i>
Other liabilities (Note 8)	6,046	6,933
<i>Total Interest Bearing Debt</i>	<i>892,014</i>	<i>844,111</i>
<i>Total Liabilities</i>	<i>1,010,758</i>	<i>969,114</i>
Financial Assets		
<i>Cash and Accounts Receivable —</i>		
Cash and cash equivalents (Note 9)	27,341	17,143
Taxes receivable (Note 10)	92,115	86,006
Other accounts receivable (Note 10)	4,698	4,513
<i>Total Cash and Accounts Receivable</i>	<i>124,154</i>	<i>107,662</i>
<i>Foreign Exchange Accounts (Note 11)</i>	<i>58,759</i>	<i>56,997</i>
<i>Loans, Investments and Advances —</i>		
Enterprise Crown corporations and other government business enterprises (Notes 5, 12 and 17)	133,348	130,662
Other loans, investments and advances (Note 13)	23,134	22,258
<i>Total Loans, Investments and Advances</i>	<i>156,482</i>	<i>152,920</i>
<i>Total Financial Assets</i>	<i>339,395</i>	<i>317,579</i>
Net Debt	671,363	651,535
Non Financial Assets		
Tangible capital assets (Note 14)	60,241	59,047
Inventories	7,453	6,996
Prepaid expenses	1,228	1,916
<i>Total Non Financial Assets</i>	<i>68,922</i>	<i>67,959</i>
Accumulated Deficit (Note 5)	602,441	583,576
Contractual Obligations and Contingent Liabilities (Notes 16 and 17)		

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Change in Net Debt
for the Year Ended March 31, 2013

(in millions of dollars)

	2013		2012
	Budget (Note 3)	Actual	Actual Restated (Note 2)
Net Debt at Beginning of Year — as Previously Reported	651,535	650,135	620,245
Accounting Changes and Restatement (Note 2) —			
Accumulated Sick Leave Entitlements		1,400	1,341
Net Debt at Beginning of Year — as Restated		651,535	621,586
Change in Net Debt During the Year —			
Annual Deficit	21,099	18,929	26,279
Change due to Tangible Capital Assets —			
Acquisition of tangible capital assets	7,170	7,175	6,976
Amortization of tangible capital assets	(5,733)	(5,184)	(4,859)
Proceeds from disposal of tangible capital assets	(400)	(407)	(664)
Net loss on disposal of tangible capital assets, including adjustments		(390)	(74)
<i>Total Change due to Tangible Capital Assets</i>	<i>1,037</i>	<i>1,194</i>	<i>1,379</i>
Change due to Inventories		457	166
Change due to Prepaid Expenses		(688)	(167)
Net Increase in Net Debt due to Operations	22,136	19,892	27,657
Other Comprehensive (Income) Loss (Notes 5 and 12)		(64)	2,292
Net Increase in Net Debt	22,136	19,828	29,949
Net Debt at End of Year	673,671	671,363	651,535

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Cash Flow
for the Year Ended March 31, 2013

(in millions of dollars)

	2013	2012
		Restated (Note 2)
Operating Activities —		
Annual Deficit	(18,529)	(26,279)
Items not affecting cash —		
Share of annual profit in enterprise Crown corporations and other government business enterprises	(4,995)	(5,350)
Amortization of tangible capital assets	5,184	4,859
Net loss on disposal of tangible capital assets, including adjustments	390	74
Change in taxes receivable	(6,109)	(7,380)
Change in pensions and other future benefits	8,142	5,144
Change in foreign exchange accounts	(1,762)	(8,490)
Change in accounts payable and accrued liabilities	(6,259)	5,943
Net change in other accounts	2,718	2,487
<i>Cash Used by Operating Activities</i>	<i>(21,620)</i>	<i>(28,992)</i>
Capital Investment Activities —		
Acquisition of tangible capital assets	(7,175)	(6,976)
Proceeds from disposal of tangible capital assets	407	664
<i>Cash Used by Capital Investment Activities</i>	<i>(6,768)</i>	<i>(6,312)</i>
Investing Activities —		
Enterprise Crown corporations and other government business enterprises —		
Equity transactions	1,445	2,684
Issuance of loans and advances	(65,183)	(63,389)
Repayment of loans and advances	66,156	65,286
Issuance of other loans, investments and advances	(5,533)	(7,679)
Repayment of other loans, investments and advances	4,221	6,858
<i>Cash Provided by Investing Activities</i>	<i>1,106</i>	<i>3,760</i>
Financing Activities —		
Issuance of Canadian currency borrowings	579,456	567,707
Repayment of Canadian currency borrowings	(542,063)	(536,430)
Issuance of foreign currency borrowings	7,782	12,743
Repayment of foreign currency borrowings	(7,695)	(9,656)
<i>Cash Provided by Financing Activities</i>	<i>37,480</i>	<i>34,364</i>
Net Increase in Cash	10,198	2,820
<i>Cash and Cash Equivalents at Beginning of Year</i>	<i>17,143</i>	<i>14,323</i>
<i>Cash and Cash Equivalents at End of Year (Note 9)</i>	<i>27,341</i>	<i>17,143</i>
Supplementary Information		
Cash used for interest	16,411	16,899

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Notes to the Consolidated Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

The financial activities of all of these entities, except for enterprise Crown corporations and other government business enterprises, are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Enterprise Crown corporations and other government business enterprises, which are not dependent on the Government for financing their activities, are recorded under the modified equity method.

The Canada Pension Plan (the Plan), which includes the assets of the Plan under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to the Plan require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

Basis of accounting

These consolidated financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Revenues

The Government reports revenues on an accrual basis. Tax revenues are non-exchange transactions, which are generally derived from exchange transactions between third parties.

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention.

Tax revenues are measured from amounts assessed and from estimates of amounts not yet assessed based on cash received. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Income tax revenue is recognized when the taxpayer has earned the income subject to the tax.

Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services.

Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*.

Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*.

Tax collected on behalf of the provincial/territorial governments is not included in Tax Revenue. It is recorded as payable to the provincial/territorial governments and distributed by the Department of Finance in accordance with associated agreements.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. As foregone revenue, tax concessions do not give rise to assets or expenses of the taxing government. Tax expenditures that provide a financial benefit through the tax system, and are not related to the relief of taxes paid or payable, are shown as transfer payment expenses and are not netted against tax revenue.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and taxes payable on the Consolidated Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Other revenues are recognized in the period to which they relate.

Expenses

The Government has three major types of expenses: transfer payments, other program expenses and public debt charges. All of the expenses are reported on an accrual basis.

Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by the consolidated financial statements date. In the case of transfers which do not form part of an existing program, the transfers are considered to be authorized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements.

Other program expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debt, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and pre-paid expenses are also included in other program expenses.

Public sector pensions and other employee and veteran future benefits, which comprise a portion of personnel expenses, are recorded as employees render services using the projected benefit method prorated on service, except for: veteran future benefits and workers' compensation where benefits are accrued on an event driven basis; accumulated sick leave entitlements where benefits are recognized using an accrued benefit method; and plan amendments related to past services, curtailments and settlements where costs are recorded when approved or paid.

Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Consolidated Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary Fund are recorded at cost.

Loans, investments and advances

Loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of loans made on a long-term, low interest or interest-free basis and the portion of loans expected to be repaid from future appropriations.

When necessary, an allowance for valuation is recorded to reduce the carrying value of loans, investments and advances to amounts that approximate their net realizable value.

For loans to national governments, including developing countries, the allowance is determined based on the identification and evaluation of countries that have formally applied for debt service relief, estimated probable losses that exist on the remaining portfolio, and changes in the economic conditions of sovereign debtors.

Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. All of these corporations follow International Financial Reporting Standards (IFRS) used by publicly accountable enterprises. Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss of enterprise Crown corporations and other government business enterprises is recorded directly to the Government's accumulated deficit and net debt.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is usually the lower of the implicit interest rate in the lease or the Consolidated Revenue Fund term lending rate at the inception of the lease. These assets are amortized over the lease term or over the estimated useful life of the asset if the lease term contains terms that allow ownership to pass to the Government or a bargain purchase option. The corresponding lease obligations are recorded under unmatured debt on the Consolidated Statement of Financial Position. When conditions indicate that a tangible capital asset no longer contributes to the government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, the cost of works of art and museum collections and Crown land to which no acquisition cost is attributable. Intangible assets are also not recognized in the consolidated financial statements. In addition, acquisitions of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management's best estimate of original cost, based on available information.

Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit.

Unmatured debt

Unmatured debt consists of market debt, cross currency swap revaluations, the obligation related to capital leases and other unmatured debt. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded

in public debt charges. The unamortized premium or discount arising on the buy back of bonds that are subsequently refinanced with similar debt with the intent of sustaining market liquidity is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The Government's holdings of its own securities, if any, are deducted from market debt to report the liability to external parties. The Government does not specifically borrow on behalf of enterprise Crown corporations. Consequently, there is no netting of outstanding market debt and loans to these corporations.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

The obligation related to capital leases represents the present values of the remaining minimum lease payments under capital lease agreements. The corresponding assets under capital leases are recorded under tangible capital assets on the Consolidated Statement of Financial Position.

Public sector pensions and other employee and veteran future benefits

Public sector pensions and other employee and veteran future benefits are measured on an actuarial basis. The actuarial valuations estimate the current value of entitlements earned and use various actuarial assumptions in the process. When actual experience of the plans varies from estimates or when actuarial assumptions change, actuarial gains or losses arise. Due to their tentative nature and because further adjustments will likely be required in the future, actuarial gains and losses are not recognized immediately but rather over the expected average remaining service life (EARSLS) of the employees, which varies across plans, or the average remaining life expectancy (ARLE) of the benefit recipients under war time veteran plans. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Investments held by the Public Sector Pension Investment Board (PSPIB) are valued at market related value. The market related value of investments is established on the basis of an expected rate of return on investments. Fluctuations between the market value and expected market value are included in actuarial gains or losses over a five-year period; provided that the market related value of investments remains within a limit of plus or minus 10 percent of the market value. When the market related value exceeds this limit, the excess amount is included immediately in actuarial gains or losses. Contributions receivable from employees for past service buy back elections are discounted to approximate their fair value.

Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

For guarantees, the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of environmentally contaminated sites as well as estimated costs related to obligations associated with future asset restoration.

The liability for remediation of environmentally contaminated sites is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Government becomes aware of the contamination and is obligated, or is likely obligated to incur costs associated with remediation of the contaminated site. The liability reflects the present value of estimated cash flows required to remediate the sites to an acceptable condition according to the current minimum standard for federal use prior to contamination or for the intended federal use, whichever is less, where such amounts can be reasonably estimated.

The liability for future asset restoration costs is accrued and the related costs are capitalized and amortized over the associated asset's estimated useful life based on management's best estimates of the cost to meet obligations imposed by legislation, regulation or contractual agreements. The liability reflects the present value of estimated future cash flows required to restore the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service.

The recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the obligation is not determinable, a contingency is disclosed in the notes to the consolidated financial statements.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses relating to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other program revenues. Net gains and losses relating to transfer payments are reported in the transfer payment expenses under other transfer payments. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported in ministry expenses under other program expenses.

Use of estimates and measurement uncertainty

The preparation of consolidated financial statements requires the Government to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these estimates are subject to measurement uncertainty. They are based on facts and circumstances available at the time estimates and assumptions are made, historical loss experience and general economic conditions. The effect of changes to such estimates and assumptions in future periods could be significant to the consolidated financial statements. Significant estimates in these consolidated financial statements affect the accrual of tax revenues and the related amounts receivable and payable, including the liabilities under provincial and territorial tax collection agreements, valuation allowances for loans, investments and advances, obligations for public sector pensions and other employee and veteran future benefits, contingent liabilities, environmental liabilities and other transfer payments.

Other comprehensive income or loss

Other comprehensive income or loss, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity method, is excluded from the calculation of the Government's annual deficit and is recorded directly to the Government's accumulated deficit and net debt.

Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

2. Accounting Changes and Restatement

i. Tax revenues

During 2012-2013, the Government retroactively adopted the new standards of the Public Sector Accounting Board regarding the presentation of certain tax expenditures. Tax expenditures that provide a financial benefit through the tax system, and are not related to the relief of taxes paid or payable, are now shown as transfer payment expenses. Tax expenditures that reduce taxes paid or payable are considered tax concessions and will continue to be netted against the applicable tax revenue. The impact of this reclassification on the Consolidated Statement of Operations and Accumulated Deficit is an increase to both tax revenue and transfer payment expense of \$3,152 million (\$3,207 million in 2012), with no impact on the annual deficit. More specifically Personal Income Tax Revenue and Corporate Income Tax Revenue increased by \$1,282 million and \$1,870 million respectively in the current year (\$1,268 million and \$1,939 million in 2012).

ii. Government transfers

During 2012-2013, the Government adopted the revised recommendations of the Public Sector Accounting Board regarding government transfers. The revised recommendations clarify the difference between eligibility criteria and stipulations and their roles in the recognition of government transfers by the transferring and recipient governments. From the perspective of Canada as the transferring government, the authorization of a government transfer can occur either by the date of the financial statements or during the period between the date of the financial statements and the completion of those statements. When the Government provides the transfer pursuant to a financing arrangement, it does not recognize a prepayment. These changes were adopted prospectively by the Government and did not have a material effect on the financial results for the current year.

iii. Restatement of accumulated sick leave entitlements

Certain employees of the public service are provided with sick leave benefits that accumulate but do not vest. Due to the nature of these benefits, actuarial valuations are required to estimate the Government's obligation with respect to the accumulated sick leave benefits earned by employees.

The Government of Canada has reviewed its approach for the evaluation, accounting and reporting of accumulated sick leave entitlements. In the past, the Government of Canada recognized sick leave benefit expenses when they were used by employees and no liability for accumulated sick leave benefits was recorded in the consolidated financial statements as it was not considered significant. In fiscal year 2013, an actuarial valuation was performed to measure the accumulated sick leave entitlements that are anticipated to be used in future years. As a result of this valuation, the Government of Canada has recorded for the first time an obli-

gation in the consolidated financial statements for accumulated sick leave entitlements, with retroactive restatement of comparative years.

As a result of this restatement, the opening balance of other employee and veteran future benefit liabilities, net debt and the beginning balance of accumulated deficit of the Government of Canada have increased by \$1,400 million (\$1,341 million in 2012), creating an increase in the 2012 annual deficit of \$59 million.

3. Spending and Borrowing Authorities

i. Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. There were no special warrants issued in 2012-2013 (\$24,536 million in 2011-2012).

The Government uses the full accrual method of accounting to prepare its Budget and present its current consolidated financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the authorities indicated in the following table:

	(in millions of dollars)	
	2013	2012
		Restated (Note 2)
Annual spending limits voted by Parliament including special warrants	98,647	99,895
Expenditures permitted under other legislation	141,513	139,895
Total budgetary expenditures authorized	240,160	239,790
Less: amounts available for use in subsequent years and amounts that have lapsed, net of overexpended amounts	12,343	11,557
Total net expenditures	227,817	228,233
Effect of consolidation and full accrual accounting	47,747	47,153
Total expenses	275,564	275,386

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Consolidated Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Consolidated Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of certain accounts with separate non-budgetary authorities and of certain Crown corporations or other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of \$234,236 million (\$229,205 million in 2012) was authorized for loans, investments and advances. A net amount of \$63,048 million (\$60,303 million in 2012) was used, an amount of \$740 million (\$1,056 million in 2012) lapsed and an amount of \$170,448 million (\$167,846 million in 2012) is available for use in subsequent years.

Details about the source and disposition of authorities (unaudited) and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada*.

ii. Over-expenditure of spending authorities

There were no over-expenditures of spending authorities in 2012-2013.

iii. Borrowing authorities

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2013, the Governor in Council specified \$315,000 million (\$300,000 million in 2012) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. The maximum aggregate amount of principal is the sum of *i*) the maximum stock of treasury bills anticipated to be outstanding during the year, *ii*) the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii*) an amount to facilitate intra-year management of the debt and foreign exchange reserves. During the year, \$277,538 million (\$271,141 million in 2012) of the borrowing authority was used.

iv. Source of budget amounts

The budget amounts included in the Consolidated Statement of Operations and Accumulated Deficit and the Consolidated Statement of Change in Net Debt are derived from the amounts that were budgeted for 2013 in the March 2012 Budget Plan (Budget 2012). Budget 2012 amounts have been restated to reflect the reclassification of Canada Mortgage and Housing Corporation – Minister's Account from a consolidated Crown corporation to an enterprise Crown corporation in 2011-2012, and the reclassification of certain tax expenditures under new recommendations of the Public Sector Accounting Board in 2012-2013. In addition, interest owed to taxpayers ceased to be netted against interest income in 2012-2013 and has been reclassified to expenses. These restatements have resulted in, respectively, a \$2,133 million decrease in budgeted Crown corporation expenses and a \$2,133 million increase in budgeted expenses for other transfer payments; a \$1,282 million increase in budgeted personal income tax revenues, a \$1,870 million increase in budgeted corporate income tax revenues and a \$3,152 million increase in budgeted expenses for other transfer payments; and a \$551 million increase in budgeted revenues for other programs and a \$551 million increase in budgeted ministry expenses.

These restatements have no overall impact on the budgeted 2012-2013 annual deficit. In addition, since actual opening numbers of the accumulated deficit and net debt were not available at the time of preparation of Budget 2012, the corresponding amounts in the budget column have been adjusted to the actual closing numbers of the previous years.

4. Expenses

Expenses in the Consolidated Statement of Operations and Accumulated Deficit include:

i. Major transfer payments to other levels of government

	(in millions of dollars)	
	2013	2012
Canada health transfer	28,912	27,174
Canada social transfer	11,860	11,514
Fiscal arrangements	15,595	15,259
Other major transfers	2,003	2,847
Total major transfer payments to other levels of government	58,370	56,794

Certain comparative figures have been reclassified to conform to the current year's presentation. Details can be found in Section 3 (unaudited) of this volume and in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

ii. Other transfer payments

Other transfer payments totalling \$34,862 million (\$37,720 million in 2012) include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. The various types of transfer payments are being delivered by departments according to their departmental legislative mandates. Details can be found in Table 3.6, Section 3 (unaudited) of this volume.

iii. Public debt charges

	(in millions of dollars)	
	2013	2012
		Restated (Note 2)
Public debt charges related to unmatured debt —		
Interest on unmaturing debt	14,567	15,074
Amortization of discounts on Canada and Treasury Bills	1,762	1,747
Amortization of premiums and discounts on all other debts	1,157	2,077
Cross currency swap revaluation	(564)	(553)
Servicing costs and costs of issuing new borrowings	10	21
Capital lease obligations	208	212
Other unmaturing debt	4	
Total	17,144	18,578
Interest expense related to pensions and other future benefits	11,752	12,218
Other liabilities	257	284
Total public debt charges	29,153	31,080

Details can be found in Section 3 (unaudited) of this volume.

iv. Total expenses by segment

The Government has defined the segments as the Ministries and Crown corporations and other entities. Additional segmented information is provided in Note 18. The following table presents the total expenses by segment after the elimination of internal transactions:

	(in millions of dollars)	
	2013	2012
		Restated (Note 2)
Ministries —		
Agriculture and Agri Food	3,580	3,344
Atlantic Canada Opportunities Agency ...	260	282
Canada Revenue Agency	21,455	22,332
Canadian Heritage	1,601	1,639
Citizenship and Immigration	1,639	1,661
Economic Development Agency of Canada for the Regions of Quebec ...	233	235
Environment	1,642	1,720
Finance	86,748	86,493
Fisheries and Oceans	1,685	1,866
Foreign Affairs and International Trade ...	5,913	6,667
Governor General	21	21
Health	5,341	5,392
Human Resources and Skills Development	69,211	68,095
Indian Affairs and Northern Development .	7,919	7,207
Industry	4,463	5,183
Justice	1,526	1,506
National Defence	23,188	23,025
Natural Resources	2,102	3,575
Parliament	549	566
Privy Council	306	565
Public Safety and Emergency Preparedness	9,542	10,426
Public Works and Government Services ...	4,012	3,325
Transport	5,230	5,798
Treasury Board	2,870	2,555
Veterans Affairs	903	1,096
Western Economic Diversification	178	196
Provision for valuation and other items ...	3,097	1,750
Total ministries	265,214	266,520
Crown corporations and other entities	10,350	8,866
Total expenses	275,564	275,386

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

v. Total expenses by type of resource used in operations

The Consolidated Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses by main objects of expense:

Objects of expense	(in millions of dollars)	
	2013	2012
		Restated (Note 2)
Transfer payments	163,561	162,932
Other program expenses —		
Crown corporations ⁽¹⁾	9,050	7,739
Personnel	46,133	43,843
Transportation and communications	2,580	2,796
Information	210	245
Professional and special services	7,514	7,998
Rentals	1,809	1,781
Repair and maintenance	2,728	3,051
Utilities, materials and supplies	2,726	2,852
Other subsidies and expenses	4,780	6,005
Amortization of tangible capital assets	5,184	4,859
Net loss on disposal of assets	136	205
Total other program expenses	82,850	81,374
Total program expenses	246,411	244,306
Public debt charges	29,153	31,080
Total expenses	275,564	275,386

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details reconciling objects of expense to objects of expenditure can be found in Section 3 (unaudited) of this volume and details on ministerial expenditures by object can be found in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

⁽¹⁾ This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

5. Accumulated Deficit

The Government includes in its revenues and expenses, the transactions of consolidated Crown corporations and other entities controlled by the Government, and of certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of payments over revenues must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and the equity of the consolidated Crown corporations and other entities included in the accumulated deficit:

	(in millions of dollars)	
	2013	2012
		Restated (Note 2)
Accumulated deficit, excluding consolidated accounts and accumulated other comprehensive income ⁽¹⁾	602,825	583,036
Consolidated specified purpose accounts —		
Employment Insurance Operating Account	5,963	7,948
Other insurance accounts	(605)	(523)
Other consolidated accounts	(327)	(309)
	607,856	590,152
Consolidated Crown corporations and other entities	(1,935)	(3,754)
Accumulated other comprehensive income ..	(3,480)	(2,822)
Accumulated deficit	602,441	583,576

Details can be found in Section 4 (unaudited) of this volume.

⁽¹⁾ Included in this amount are actuarial gains and losses on pensions and other employee future benefits of enterprise Crown corporations and other government business enterprises which are a part of other comprehensive income but recorded directly to accumulated deficit and therefore are not a component of accumulated other comprehensive income.

Accumulated other comprehensive income

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits are recorded in other comprehensive loss or income in accordance with IFRS. The unrealized gains and losses on financial instruments reflect changes in the fair value of financial assets classified as available-for-sale or derivative instruments used in hedging activities and are excluded from the calculation of profit or loss until realized. Actuarial gains and losses related to pensions and other employee future benefits reflect differences between the actual and expected returns on plan assets as well as the difference between actual and expected experience and changes in actuarial assumptions used to determine the present value of the benefit obligations. In accordance with IFRS, these actuarial gains and losses are recorded directly to retained earnings without reclassification to profit or loss in a subsequent period.

Other comprehensive loss or income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then reflected in the Government's annual deficit. As indicated above, the actuarial gains and losses related to pensions and other employee future benefits are not reclassified.

The following table presents the different components of other comprehensive loss or income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

	(in millions of dollars)	
	2013	2012
Accumulated other comprehensive income at beginning of year	2,822	3,007
Other comprehensive income (loss) —		
Net change in unrealized gains and losses on available-for-sale financial instruments	678	(215)
Net change in fair value of derivatives designated as hedges	(20)	30
Actuarial gains (losses) on pensions and other employee future benefits	(594)	(2,107)
Total	64	(2,292)
Less: Actuarial gains (losses) on pensions and other employee future benefits recorded directly to accumulated deficit	(594)	(2,107)
Accumulated other comprehensive income at end of year	3,480	2,822

6. Unmatured Debt

Unmatured debt includes:

	(in millions of dollars)	
	2013	2012
Market debt —		
Payable in Canadian currency	657,209	620,294
Payable in foreign currencies	10,802	10,715
Total	668,011	631,009
Cross currency swap revaluations	(3,419)	(4,448)
Unamortized discounts and premiums on market debt	(2,156)	(4,295)
Obligation related to capital leases	3,647	3,633
Other unmatured debt	917	453
Total unmatured debt	667,000	626,352

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buy back program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

i. Market Debt

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian dollars) and the effective average annual interest rates as at March 31, 2013:

	(in millions of dollars)						
	Marketable bonds			Treasury	Retail	Canada bills	
Maturing year	CAD	USD	Euro	bills	debt ⁽¹⁾	USD	Total
2014	57,509			180,700	858	2,103	241,170
2015	88,177	3,048			506		91,731
2016	57,642				1,196		58,838
2017	41,057	3,082			540		44,679
2018	30,743				835		31,578
2019 and subsequent	193,731	20	2,605		3,546		199,902
	468,859	6,150	2,605	180,700	7,481	2,103	667,898
Less: Government holdings of unmatured debt and consolidation adjustment ⁽²⁾	(179)	55		11			(113)
Total market debt	469,038	6,095	2,605	180,689	7,481	2,103	668,011
Nature of interest rate ⁽³⁾	Fixed ⁽⁴⁾	Fixed	Fixed	Variable	Variable	Variable	
Effective weighted average annual interest rates	3.04	1.69	3.50	1.03	0.76	0.13	
Range of interest rates	0.75 - 11.25	0.88 - 9.70	3.50	0.93 - 1.26	0.50 - 1.80	0.04 - 0.20	

Details can be found in Section 6 (unaudited) of this volume.

⁽¹⁾ Includes \$4,854 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

⁽²⁾ Includes \$215 million of securities held for cancellation, \$55 million of securities held for the retirement of unmatured debt, \$43 million of securities held by consolidated Crown corporations and other entities and \$426 million of borrowings by consolidated agent Crown corporations.

⁽³⁾ Debt with terms to maturity of less than one year is considered to have a variable interest rate. Marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

⁽⁴⁾ Includes real return bonds which have a variable component based on the consumer price index.

ii. Obligation related to capital leases

The total obligation related to capital leases as at March 31, 2013 is \$3,647 million (\$3,633 million in 2012). Interest on this obligation of \$208 million (\$212 million in 2012) is reported in the Consolidated Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

Year	(in millions of dollars)
2014.....	521
2015.....	445
2016.....	422
2017.....	437
2018.....	380
2019 and subsequent	3,465
Total minimum lease payments.....	5,670
Less: imputed interest at the average discount rate of 5.62 percent	2,023
Obligation related to capital leases.....	3,647

Details can be found in Section 6 (unaudited) of this volume.

A significant number of leases have a duration from inception that fall within the range of 10 and 25 years.

7. Public Sector Pensions and Other Employee and Veteran Future Benefits

i. Overview of benefit plans

(a) Pension benefits

The Government sponsors a number of defined benefit pension plans covering substantially all the employees of the public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act*, territorial governments, members of the Canadian Forces including the Reserve Force, members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. The public service, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans. In this note, the term “employees” is used in a general manner to apply to plan members of the different groups.

The defined benefit pension plans are designed to provide employees with a retirement income during their lifetime indexed to inflation. In the event of death, the pension plans also provide an income for a plan member's eligible survivors and dependants.

Pension benefits generally accrue as follows:

For the three main public sector pension plans, pension benefits generally accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings. Pension benefits are coordinated with Canada/Quebec Pension Plan benefits.

For the Canadian Forces – Reserve Force pension plan, pension benefits accrue based on total pensionable service and pensionable earnings over the service period.

For the Members of Parliament retiring allowance plan, basic allowances accrue at a rate of three percent per year of pensionable service multiplied by the average of the best five years of sessional indemnity up to a maximum of 75 percent of the plan member's average sessional indemnity. Retiring allowance benefits are coordinated with Canada/Quebec Pension Plan benefits at age 60. Members of Parliament are entitled to benefits after they have contributed to the plan for at least six years.

For federally appointed judges, pension benefits do not have an explicit accrual rate. Instead, federally appointed judges may retire with a pension equivalent to two-thirds of the salary annexed to his or her office once the member has completed 15 years of pensionable service and the sum of the member's age and years of service equals 80 or more.

(b) Other future benefits

In addition to pension plans, the Government sponsors a variety of future benefit plans that are available to employees during or after employment or upon retirement as applicable. Other employee and veteran future benefits include disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants, health care and dental plans available to retired employees and their dependants, accumulated sick leave entitlements, severance benefits and workers' compensation benefits.

ii. Financing arrangements

The Government has a statutory obligation for the payment of all the pension benefits it sponsors. Pursuant to pension legislation, the transactions for funded and unfunded pension benefits are tracked in the pension accounts within the accounts of Canada. The details (unaudited) of the pension accounts can be found in Section 6 of this volume.

(a) Funded pension benefits

The pension plans are generally financed from employee and employer contributions, as well as investment earnings. Funded pension benefits relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Forces – Reserve Force pension plan, as an amount equal to contributions less benefit payments and other charges is invested in capital markets through the Public Sector Pension Investment Board (PSPIB).

(b) Unfunded pension benefits

Unfunded pension benefits relate to all other service under the three main public sector pension plans and for all service periods under the pension plans of the federally appointed judges and Members of Parliament, as separate market invested funds are not maintained. Employee and employer contributions for unfunded pension benefits are part of general government funds. Contributions amounted to \$243 million (\$259 million in 2012).

(c) Other future benefits

All of the other Government sponsored employee and veteran future benefit plans are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made to obtain coverage. These contributions amounted to \$195 million in 2013 (\$187 million in 2012). The Government's costs and benefits paid are presented net of these contributions. Additional details can be found in Section 6 (unaudited) of this volume.

iii. Actuarial valuations

(a) For funding purposes

Pursuant to the *Public Pensions Reporting Act*, actuarial valuations of the public sector pension plans are performed at least every three years to determine the state of the pension accounts, as well as to assist in making informed decisions regarding the financing of the Government's pension benefit obligations. The most recent triennial actuarial valuations were conducted as at March 31, 2012 for the Royal Canadian Mounted Police pension plan; as at March 31, 2011 for the public service, with an update as at January 1, 2013 to reflect the pension changes from the *Jobs and Growth Act, 2012* (Bill C-45); as at March 31, 2010 for the Members of Parliament, with an update as at January 1, 2013 to reflect the pension changes from the *Pension Reform Act* (Bill C-46); and as at March 31, 2010 for the Canadian Forces – Regular and Reserve Forces and the federally appointed judges' pension plans.

(b) For accounting purposes

Actuarial valuations of the public sector pension and other employee and veteran future benefit plans are performed every year to measure and report the obligations and to attribute the costs of the benefits to the period. The actuarial valuations are based on the most recent or any in-progress triennial actuarial valuation for funding purposes, as applicable.

iv. *Changes to benefit plans*(a) *Plan amendments*

In 2013, an amendment was made to the Members of Parliament pension plan where the Prime Minister's retirement allowance was changed as of February 2, 2006 from two-thirds of salary to 3 percent of salary for each year of service resulting in a one-time past service cost reduction of \$1 million. In addition, amendments were made to veteran future benefit plans whereby certain benefits are no longer offset by the disability pension received under the *Pension Act* resulting in a one-time past service cost of \$501 million. With respect to the employee severance benefit plan, an amendment was agreed upon resulting in a one-time past service cost of \$27 million.

In 2012, amendments to veteran future benefit plans resulted in a one-time past service cost of \$367 million while an amendment to the employee severance benefit plan resulted in a one-time past service cost of \$160 million.

(b) *Plan curtailments*

In 2013 as well as in 2012, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The impact of the curtailments is a one-time past service cost reduction of \$151 million (\$267 million in 2012). In addition, the plan curtailments required the immediate recognition of a previously unrecognized net actuarial loss of \$223 million (\$122 million in 2012), representing the portion related to the obligation for employees subject to the curtailments.

(c) *Plan settlements*

In 2013, payments of \$691 million (\$1,152 million in 2012) were made to employees affected by the curtailments of the severance benefit plan who opted to cash out the full or partial value of their accumulated benefits, resulting in the recognition of settlement losses of \$146 million (\$22 million in 2012) and the immediate recognition of a previously unrecognized net actuarial loss of \$77 million (\$63 million in 2012), representing the portion related to the obligation for employees subject to the settlements.

v. *Future benefit liabilities*

The liabilities included in the Consolidated Statement of Financial Position arising from the Government's obligations in respect of public sector pension and other employee and veteran future benefit plans are presented net of pension assets and unrecognized net actuarial losses.

(a) *Accrued benefit obligations*

The changes in the accrued benefit obligations during the year were as follows:

	(in millions of dollars)							
	2013				2012			
	Pension benefits			Other future benefits	Pension benefits			Other future benefits
	Funded	Unfunded	Total		Funded	Unfunded	Total	
								Restated (Note 2)
Accrued benefit obligations at beginning of year	73,684	157,131	230,815	95,116	63,656	149,685	213,341	75,833
Benefits earned	6,235	269	6,504	3,335	6,160	288	6,448	2,167
Interest on average accrued benefit obligations	4,253	8,511	12,764	2,590	4,098	8,595	12,693	2,987
Benefits paid	(1,276)	(8,258)	(9,534)	(5,183)	(1,094)	(7,999)	(9,093)	(5,560)
Administrative expenses	(67)	(112)	(179)	(54)	(55)	(106)	(161)	(54)
Net transfers to other plans	(331)	(134)	(465)		(130)	(120)	(250)	
Plan amendments		(1)	(1)	528				527
Plan curtailments				(151)				(267)
Plan settlements				146				22
Actuarial losses	1,221	1,571	2,792	2,990	1,049	6,788	7,837	19,461
Accrued benefit obligations at end of year	83,719	158,977	242,696	99,317	73,684	157,131	230,815	95,116

Details can be found in Section 6 (unaudited) of this volume.

(b) *Pension assets*

Pension assets include investments held by PSPIB and contributions receivable from employees for past service buy back elections. At March 31, 2013, the market value of the investments is \$76,131 million (\$64,486 million in 2012).

During the year, the actual rate of return of investments calculated on a time-weighted basis was 10.7 percent (3.0 percent in 2012).

The changes in the market related value of pension assets during the year were as follows:

	(in millions of dollars)					
	2013			2012		
	Pension benefits			Pension benefits		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Market related value of investments at beginning of year	61,986		61,986	53,471		53,471
Expected return on average market related value of investments	3,602		3,602	3,462		3,462
Contributions —						
Employees	2,172		2,172	2,047		2,047
Public Service corporations and territorial governments	226		226	219		219
Government	4,372		4,372	3,906		3,906
Benefits paid, transfers and others	(2,135)		(2,135)	(1,439)		(1,439)
Actuarial gains	1,463		1,463	320		320
Market related value of investments at end of year	71,686		71,686	61,986		61,986
Contributions receivable from employees for past service	467		467	436	112	548
Total pension assets at end of year	72,153		72,153	62,422	112	62,534

Details can be found in Section 6 (unaudited) of this volume.

(c) Future benefit liabilities

The liabilities recognized in the Consolidated Statement of Financial Position are as follows:

	(in millions of dollars)							
	2013				2012			
	Pension benefits			Other future benefits	Pension benefits			Other future benefits
	Funded	Unfunded	Total		Funded	Unfunded	Total	
Accrued benefit obligations	83,719	158,977	242,696	99,317	73,684	157,131	230,815	95,116
Less: Pension assets	72,153		72,153		62,422	112	62,534	
Subtotal	11,566	158,977	170,543	99,317	11,262	157,019	168,281	95,116
Unrecognized net actuarial loss	(5,808)	(13,068)	(18,876)	(32,016)	(6,778)	(12,592)	(19,370)	(33,201)
Future benefit liabilities	5,758	145,909	151,667	67,301	4,484	144,427	148,911	61,915

Details can be found in Section 6 (unaudited) of this volume.

vi. Future benefit and interest expenses

The cost of public sector pension and other employee and veteran future benefit plans is comprised of benefits and interest expenses. Benefit expense is included in the Consolidated Statement of Operations and Accumulated Deficit as a

component of other program expenses, more specifically as personnel expenses. Interest expense is included in public debt charges. Amounts recognized during the year are as follows:

	(in millions of dollars)							
	2013				2012			
	Pension benefits			Other future benefits	Pension benefits			Other future benefits
	Funded	Unfunded	Total		Funded	Unfunded	Total	
Benefits expense —								Restated (Note 2)
Benefits earned, net of employee contributions	3,837	212	4,049	3,335	3,893	228	4,121	2,167
Actuarial losses recognized during the year	702	1,201	1,903	3,875	651	683	1,334	2,361
Plan amendments		(1)	(1)	528				527
Plan curtailments				(151)				(267)
Plan settlements				146				22
Actuarial losses recognized following plan amendments, curtailments and settlements		1	1	300				185
Total	4,539	1,413	5,952	8,033	4,544	911	5,455	4,995
Interest expense —								
Interest on average accrued benefit obligations	4,253	8,511	12,764	2,590	4,098	8,595	12,693	2,987
Expected return on average market related value of investments	(3,602)		(3,602)		(3,462)		(3,462)	
Total	651	8,511	9,162	2,590	636	8,595	9,231	2,987

Details can be found in Section 6 (unaudited) of this volume.

vii. Actuarial assumptions

The assumptions used in the actuarial valuations for accounting purposes are based on the Government's best estimates of expected long-term experience and short-term forecasts. The actuarial assumptions include estimates of future inflation, interest rates, return on investments, general wage increases, workforce composition, retirement rates and mortality rates.

Discount rates used to measure the present value of the accrued benefit obligations, as well as the costs of benefits earned, plan amendments, plan curtailments, plan settlements and the interest expense, for public sector pensions and other employee and veteran future benefits are as follows:

for funded pension benefits, the streamed expected rates of return on invested funds;

for unfunded pension benefits, the streamed weighted average of long-term bond rates; and

for other future benefits, the expected long-term bond rate at the valuation date.

The streamed weighted average of long-term bond rates is a calculated 20-year weighted moving average of long-term bond rates projected over time. The streamed rates take into account historical long-term bond rates and, over time, reflect expected long-term bond rates.

The principal actuarial assumptions used in measuring the accrued benefit obligations as at March 31, as well as the future benefit and interest expenses for the year, were as follows:

	2013		2012	
	Accrued benefit obligations	Benefit and interest expenses	Accrued benefit obligations	Benefit and interest expenses
Discount rates ⁽¹⁾ —				
Funded pension benefits	5.9 %	5.6 %	6.0 %	6.2 %
Unfunded pension benefits	4.6 %	5.7 %	4.8 %	6.0 %
Other employee and veteran future benefits	2.7 %	2.8 %	2.8 %	4.0 %
Expected rate of return on investments		5.6 %		6.2 %
Long term rate of inflation	2.0 %	2.0 %	2.0 %	2.0 %
Long term general wage increase	2.6 %	2.7 %	2.7 %	2.9 %
Assumed health care cost trend rates —				
Initial health care cost trend rate	3.8 %	5.6 %	5.6 %	8.0 %
Cost trend rate is expected to stabilize at	4.8 %	4.8 %	4.8 %	3.5 %
Year that the rate is expected to stabilize	2022	2021	2021	2025

⁽¹⁾ The streamed discount rates used to measure the accrued benefit obligations are equivalent to the flat discount rates presented in the table. The initial discount rates used to measure the benefit expense are presented in the table whereas the ultimate discount rates are expected to reach 6.1 percent by 2017 (stable at 6.2 percent in 2012) for the funded pension benefits and 5.1 percent by 2035 (5.0 percent by 2037 in 2012) for the unfunded pension benefits. The interest expense is calculated using the discount rates presented in the table.

The expected average remaining service life (EARSL) of the employees represent periods ranging from 5 to 23 years (5 to 23 years in 2012) according to the plan in question; more specifically, from 11 to 15 years (10 to 15 years in 2012) for the three main public sector pension plans. The average remaining life expectancy (ARLE) of the benefit recipients under war time veteran plans represent periods ranging from 7 years to 11 years (7 to 11 years in 2012).

viii Sensitivity analysis

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligations. The table below illustrates the possible impact of a one percent change in the principal actuarial assumptions. Note that for the sensitivity to the discount rates, the one percent change was considered only for the future expected long-term bond rates and not for the historical long-term bond rates included in the determination of the streamed discount rates used to measure the unfunded pension benefits.

	(in millions of dollars)					
	2013			2012		
	Pension benefits		Othe future	Pension benefits		Other future
	Funded	Unfunded	benefits	Funded	Unfunded	benefits
						Restated (Note 2)
Possible impact on the accrued benefit obligations due to:						
Increase of 1 % in discount rates ⁽¹⁾	(13,700)	(9,100)	(15,100)	(12,200)	(9,200)	(14,500)
Decrease of 1 % in discount rates ⁽¹⁾	18,100	9,900	20,400	16,200	10,600	19,600
Increase of 1 % in rate of inflation	11,000	20,000	18,400	9,700	19,700	18,900
Decrease of 1 % in rate of inflation	(9,000)	(16,600)	(14,100)	(8,000)	(16,300)	(14,200)
Increase of 1 % in general wage increase	5,200	1,500	500	4,800	1,600	600
Decrease of 1 % in general wage increase	(4,500)	(1,400)	(500)	(4,100)	(1,500)	(500)
Increase of 1 % in assumed health care cost trend rates			7,700			8,100
Decrease of 1 % in assumed health care cost trend rates			(5,700)			(6,000)

⁽¹⁾ Comparative figures for pension benefits were modified to conform to the current year's presentation. Previously, a one percent change was considered for both historical and future long-term bond rates included in the determination of the streamed discount rates for unfunded pension benefits.

8. Other Liabilities

Other liabilities include:

	(in millions of dollars)	
	2013	2012
Due to Canada Pension Plan	68	138
Others —		
Government Annuities Account	183	201
Deposit and trust accounts	1,895	2,745
Other specified purpose accounts	3,900	3,849
	5,978	6,795
Total other liabilities	6,046	6,933

Details and the audited financial statements of the Canada Pension Plan can be found in Section 6 (unaudited) of this volume.

i. Due to Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan are not included in these consolidated financial statements.

The Plan is a federal/provincial social benefit program providing compulsory and contributory social insurance and is administered by the Government of Canada. It operates in all parts of Canada, except for the Province of Quebec, which has a comparable program. Payments of pensions and benefits from the Plan are financed through contributions received from employers, employees and self-employed persons, and from income earned on investments. As administrator, the Government's authority to provide benefits is limited to the net assets of the Plan. At March 31, 2013, the fair value of the Plan's net assets is \$187,724 million (\$165,996 million in 2012).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada to record the transactions of the Plan, as well as the amounts transferred to or received from the Canada Pension Plan Investment Board. The Plan's deposit with the Receiver General for Canada of \$68 million (\$138 million in 2012) corresponds to the balance in the Account and is reported as the Government's liability to the Plan at March 31, 2013.

ii. Others

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. One of the largest deposit and trust accounts is the Indian band funds accounts in the amount of \$860 million (\$882 million in 2012). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account totalling \$3,208 million (\$3,081 million in 2012). This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the public service.

9. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	(in millions of dollars)	
	2013	2012
Cash ⁽¹⁾	21,360	10,593
Cash equivalents	5,981	6,550
Total cash and cash equivalents	27,341	17,143

Details can be found in Section 7 (unaudited) of this volume.

⁽¹⁾ Included in cash is \$15,000 million (\$4,000 million in 2012) which has been designated as a deposit held with respect to prudential liquidity management undertaken by the Government.

10. Taxes and Other Accounts Receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of \$12,355 million (\$12,001 million in 2012) based on aging and a review of individually large receivable balances and has recorded a bad debt expense of \$3,249 million (\$3,762 million in 2012), which is charged against other program expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

	(in millions of dollars)					
	2013			2012		
	Total taxes receivable	Allowance for doubtful accounts	Net	Total taxes receivable	Allowance for doubtful accounts	Net
Income taxes receivable —						
Individuals	49,082	6,488	42,594	45,897	6,097	39,800
Employers	16,815	1,078	15,737	17,211	1,039	16,172
Corporations	13,754	1,869	11,885	12,521	1,786	10,735
Non residents	1,209	134	1,075	1,174	114	1,060
Goods and services tax receivable	20,626	2,714	17,912	18,542	2,906	15,636
Customs duties receivable	479	19	460	248	13	235
Excise taxes and duties receivable	2,505	53	2,452	2,414	46	2,368
Total	104,470	12,355	92,115	98,007	12,001	86,006

Details can be found in Section 7 (unaudited) of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end. Total other accounts receivable amount to \$6,409 million (\$6,191 million in 2012) and are presented net of an allowance for doubtful accounts of \$1,710 million (\$1,678 million in 2012). Further details can be found in Section 7 (unaudited) of this volume.

11. Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2013, the fair value of the marketable securities held in the Exchange Fund Account is \$57,691 million (\$55,104 million in 2012). Further details on these investments are provided in the audited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies. Canada participates in two multi-lateral lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the multi-lateral arrangements is limited to no more than the equivalent of SDR 8,517 million (\$12,963 million) at March 31, 2013.

The following table presents the balances of the foreign exchange accounts:

	(in millions of dollars)	
	2013	2012
International reserves held in the Exchange Fund Account —		
Cash and cash equivalents —		
US dollars	313	319
Euros	16	163
Japanese yen	8	7
Short term deposits		299
Total	337	788
Marketable securities —		
US dollars	36,599	33,034
Euros	17,462	18,951
Japanese yen	306	342
Total	54,367	52,327
Special drawing rights	8,671	9,020
Gold	6	6
Total	63,381	62,141
International Monetary Fund —		
Subscriptions	9,694	9,842
Loans	1,457	1,325
Total	74,532	73,308
Less:		
International Monetary Fund —		
Notes payable	6,659	7,058
Special drawing rights allocations	9,114	9,253
Total	15,773	16,311
Total foreign exchange accounts	58,759	56,997

Details can be found in Section 8 (unaudited) of this volume.

12. Crown Corporations and Other Entities

There are 42 parent Crown corporations (43 in 2012) included in the reporting entity of the Government. There are also a number of not-for-profit organizations and other government business enterprises that meet the definition of control for financial reporting purposes and are included in the reporting entity of the Government.

i. Consolidated Crown corporations and other entities

Some Crown corporations and not-for-profit organizations rely on the Government for most of their financing. There are 25 parent Crown corporations (26 in 2012) and five not-for-profit organizations (five in 2012) whose financial activities are consolidated in these financial statements. The major consolidated Crown corporations are Atomic Energy of Canada Limited, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation, Canadian Commercial Corporation and VIA Rail Canada Inc. The major consolidated not-for-profit organizations are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. Detailed information on these consolidated entities is included in Section 4 (unaudited) of this volume.

ii. Enterprise Crown corporations and other government business enterprises

The remaining Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. These Crown corporations are referred to as enterprise Crown corporations. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada.

In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises. The major other government business enterprises include The Canadian Wheat Board and the various Port Authorities.

Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method.

Assets and liabilities of enterprise Crown corporations and other government business enterprises are not included in these consolidated financial statements, except for their borrowings which are recorded as liabilities of the Government when they are not expected to be repaid directly by these corporations. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)	
	2013	2012
Investments —		
Canada Mortgage and Housing Corporation	14,414	12,637
Export Development Canada	9,066	8,120
Canada Development Investment Corporation	4,662	4,295
Business Development Bank of Canada ..	3,862	3,510
Farm Credit Canada	3,510	3,092
Canada Deposit Insurance Corporation ...	1,316	1,292
Canada Post Corporation	(2,320)	(1,807)
Other	3,367	3,124
Total investments	37,877	34,263
Loans and advances —		
Canada Mortgage and Housing Corporation	63,124	66,595
Farm Credit Canada	21,174	19,326
Business Development Bank of Canada ...	13,214	12,561
Other	89	93
	97,601	98,575
Less:		
Amount expected to be repaid from future appropriations	2,102	2,147
Unamortized discounts and premiums. . .	28	29
Total loans and advances	95,471	96,399
Total loans, investments and advances to enterprise Crown corporations and other government business enterprises	133,348	130,662

Details can be found in Section 9 (unaudited) of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)					
	2013			2012		
	Third Parties	Government, Crown corporations and other entities	Total	Third Parties	Government, Crown corporations and other entities	Total
Assets —						
Financial assets	387,455	89,337	476,792	384,179	76,951	461,130
Non-financial assets	9,019		9,019	8,710		8,710
Total assets	396,474	89,337	485,811	392,889	76,951	469,840
Liabilities	330,916	116,668	447,584	329,550	105,727	435,277
Equity of Canada as reported			38,227			34,563
Elimination adjustments			(350)			(300)
Equity of Canada			37,877			34,263
Revenues	29,491	4,442	33,933	29,464	4,518	33,982
Expenses	25,184	3,386	28,570	25,067	3,580	28,647
Profit as reported			5,363			5,335
Adjustments and others			(368)			15
Profit			4,995			5,350
Other changes in equity —						
Other comprehensive income (loss)			64			(2,292)
Dividends ⁽¹⁾			(1,445)			(2,028)
Capital ⁽²⁾						(656)
			3,614			374
Equity of Canada at beginning of year			34,263			33,889
Equity of Canada at end of year			37,877			34,263
Contractual obligations			43,951			41,151
Contingent liabilities			2,405			2,832

Details can be found in Section 9 (unaudited) of this volume.

⁽¹⁾ Amounts reported as dividends include \$1,084 million (\$1,020 million in 2012) from the Bank of Canada.

⁽²⁾ Amounts reported as capital include the repurchase of common and preferred shares of nil in 2013 (\$656 million in 2012) from Business Development Bank of Canada.

iii. Non Public Property

Non Public Property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Personnel and Family Support Services (CFPFSS). The CFPFSS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Adminis-*

tration Act. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the consolidated financial statements of the Government of Canada. In 2013, CFPFSS administered estimated revenues and expenses of \$381 million (\$361 million in 2012) and \$344 million (\$376 million in 2012) respectively and had net equity of \$616 million at March 31, 2013 (\$578 million at March 31, 2012). These amounts are excluded from the consolidated financial statements of the Government of Canada.

13. Other Loans, Investments and Advances

The following table presents a summary of the balances of other loans, investments and advances by category:

	(in millions of dollars)	
	2013	2012
National governments, including developing countries and international organizations —		
National governments including developing countries	375	393
International organizations	18,250	17,365
Total	18,625	17,758
Other loans, investments and advances —		
Provincial and territorial governments	2,726	3,529
Other loans, investments and advances	25,534	24,286
Total	28,260	27,815
Total	46,885	45,573
Less: allowance for valuation	23,751	23,315
Total other loans, investments and advances	23,134	22,258

Details can be found in Section 9 (unaudited) of this volume.

The following table presents a summary of the balances of other loans, investments and advances by currency:

	(in millions of dollars)			
	2013		2012	
	Loans, investments and advances in base currency	Foreign exchange rate	Loans, investments and advances CAD	Loans, investments and advances CAD
Canadian dollar	42,357		42,357	40,860
US dollar	4,346	1.01600	4,415	4,574
Special drawing rights	56	1.52199	85	111
Various other currencies			28	28
Total			46,885	45,573

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and development of export trade which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 1.0 percent to 10.3 percent. These loans are repayable over 6 to 55 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks as well as loans and advances to associations and other international organizations. These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. Loans totalling \$1,764 million (\$2,247 million in 2012) are non-interest bearing and are repayable over 1 to 9 years. An amount of \$959 million (\$1,279 million in 2012) is due from British Columbia regarding the Comprehensive Integrated Tax Coordination Agreement and is due in equal annual instalments with the final payment due March 2016. The Government has not collected interest on these amounts. The remaining loans totalling \$3 million (\$3 million in 2012) bear interest at rates varying from 4.5 percent to 9.5 percent and are repayable over 1 to 50 years, with final instalments due in 2015.

Other loans, investments and advances include portfolio investments and loans and advances under various programs to individuals and organizations which include loans under the Canada Student Loans Program of \$15,656 million (\$14,699 million in 2012), and loans for development of export trade which are administered by Export Development Canada of \$2,695 million (\$2,981 million in 2012). Collateral of \$332 million (\$375 million in 2012) is held on loans for development of export trade. Loans under the Canada Student Loans Program are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5 percent or a fixed prime rate plus 5.0 percent. The repayment period is generally 10 years. Certain loans for development of export trade are non-interest bearing and others bear interest at rates varying from 1.9 percent to 12.8 percent. These loans are repayable over 1 to 20 years, with final instalments due in 2023.

14. Tangible Capital Assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets, whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include land, buildings, works and infrastructure, machinery and equipment including computer hardware and software, vehicles including ships, aircraft and others, leasehold improvements, and assets under construction. Software and leasehold improvements include only the cost of assets acquired since April 1, 2001. Tangible capital assets also include assets under capital lease. Detailed information (unaudited) on tangible capital assets is provided in Section 10 of this volume.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	20 to 40 years
Works and infrastructure ⁽¹⁾	5 to 40 years
Machinery and equipment	3 to 30 years
Vehicles	3 to 40 years
Leasehold improvements	lesser of useful life of improvement or lease term
Assets under construction	once in service, in accordance with asset type
Assets under capital leases	in accordance with asset type or over the lease term

⁽¹⁾ Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

	(in millions of dollars)											
	Cost					Accumulated amortization					Net book value 2013	Net book value 2012
	Opening balance	Acquisitions	Disposals	Adjustments ⁽¹⁾	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance		
Land	1,567	9	(7)	(3)	1,566						1,566	1,567
Buildings	22,708	58	(113)	2,188	24,841	12,548	718	(88)	299	13,477	11,364	10,160
Works and infrastructure	13,028	79	(158)	495	13,444	7,540	383	(105)	(104)	7,714	5,730	5,488
Machinery and equipment	33,545	712	(728)	1,153	34,682	23,359	2,138	(594)	(17)	24,886	9,796	10,186
Vehicles	34,079	319	(540)	954	34,812	20,217	1,485	(294)	42	21,450	13,362	13,862
Leasehold improvements	2,545	60	(52)	135	2,688	1,461	198	(46)		1,613	1,075	1,084
Assets under construction	13,910	5,660	(29)	(4,887)	14,654						14,654	13,910
Assets under capital leases	4,732	278	(113)	(306)	4,591	1,942	262	(112)	(195)	1,897	2,694	2,790
Total	126,114	7,175	(1,740)	(271)	131,278	67,067	5,184	(1,239)	25	71,037	60,241	59,047

Details can be found in Section 10 (unaudited) of this volume.

⁽¹⁾ Adjustments include assets under construction of \$3,728 million that were transferred to other categories upon completion of the assets.

15. Financial Instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

i. Derivative financial instruments

(a) Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

Cross currency swaps with contractual principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

Maturing year	(in millions of dollars)	
	2013	2012
2013		4,404
2014	3,616	3,455
2015	3,182	3,187
2016	3,988	3,976
2017	4,313	4,341
2018	4,774	4,755
2019 and subsequent	26,343	20,239
Total	46,216	44,357

(b) Foreign-exchange forward agreements

The Government typically funds loans with the IMF as part of the Foreign Exchange Accounts with US dollars, which are denominated in SDR. Since the currency value of the SDR is based upon a basket of key international currencies (the US dollar, Euro, Japanese yen and Pound sterling), a foreign exchange mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The notional principal amount of a foreign-exchange forward agreement refers to the principal amount used to calculate contractual cash flows. This amount does not represent an asset or liability, and is not included in the Consolidated Statement of Financial Position. Foreign-exchange forward agreements outstanding at March 31, with notional principal amounts in Canadian dollars of \$2,268 million (\$2,097 million at March 31, 2012), mature in 2014.

(c) Credit risk related to swap and foreign-exchange forward agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having credit ratings from at least two recognized rating agencies, one of which must be Standard & Poor's or Moody's. At the time of inception of the agreement, the credit rating of the institution must be at least A-.

Credit risk is also managed through collateral provisions in swap and foreign exchange forward agreements. Counterparties must pledge collateral to the Government, which, in the event of default, could be liquidated to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign exchange forward agreements.

The following table presents the contractual or notional principal amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

Credit ratings	(in millions of dollars)	
	2013	2012
AA		2,756
A+	14,302	21,685
A	12,669	10,499
A-	14,815	4,151
BBB+	3,494	3,965
BBB	3,204	3,398
Total	48,484	46,454

ii. Managing foreign currency risk and sensitivity analysis to foreign currency exposures

Interest rate and foreign currency risks are managed using a strategy of matching the duration and the currency of the foreign exchange accounts assets and the related foreign currency borrowings of the Government. At March 31, 2013, assets within the foreign exchange accounts and their related foreign currency borrowings substantially offset each other on a market value basis. Accordingly, the impact of price changes affecting these assets and the liabilities funding these assets naturally offset each other, resulting in no significant impact to the Government's net debt.

Assets related to the IMF are only partially matched by related foreign currency borrowings as they are denominated in SDRs, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the government foreign currency assets and related liabilities are held in three currency portfolios: the US dollar, the Euro and the Japanese yen. At March 31, 2013, a one percent appreciation in the Canadian dollar as compared to the US dollar, the Euro and the Japanese yen would result in a foreign exchange loss of \$7 million due to the exposure of the US dollar portfolio and a foreign exchange loss of \$2 million due to the exposure of the Euro portfolio. There is no significant exposure related to the Japanese yen portfolio.

The net foreign exchange gain included in net foreign exchange revenues, other program revenues and other program expenses on the Consolidated Statement of Operations and Accumulated Deficit amounts to \$24 million (net foreign exchange gain of \$62 million in 2012).

iii. Fair value information

(a) Liabilities and financial assets

The following table presents the carrying value and the fair value of liabilities and financial assets. Fair values are Government estimates and are generally calculated using market conditions at a specific point in time where a market exists. Fair values of liabilities and financial assets with a short term

to maturity or of a non-negotiable nature are assumed to approximate their carrying values. Fair values may not reflect future market conditions nor the actual values obtainable should the instrument be exchanged on the market. The calculations are subjective in nature and involve inherent uncertainties due to the unpredictability of future events.

	(in millions of dollars)					
	2013			2012		
	Carrying value	Fair value	Fair value over (under) carrying value	Carrying value	Fair value	Fair value over (under) carrying value
				Restated (Note 2)		
Liabilities —						
Accounts payable and accrued liabilities	118,744	118,744		125,003	125,003	
Unmatured debt	667,000	738,237	71,237	626,352	697,571	71,219
Public sector pensions	151,667	166,098	14,431	148,911	165,781	16,870
Other employee and veteran future benefits	67,301	99,317	32,016	61,915	95,116	33,201
Other liabilities	6,046	6,046		6,933	6,933	
Financial Assets —						
Cash and accounts receivable	124,154	124,154		107,662	107,662	
Foreign exchange accounts	58,759	62,243	3,484	56,997	59,949	2,952
Loans, investments and advances excluding investments in enterprise Crown corporations	118,605	121,736	3,131	118,657	122,692	4,035

Fair values are determined using the following methods and assumptions:

The carrying values of other accounts payable and accrued liabilities, taxes payable, interest and matured debt and cash and accounts receivable are assumed to approximate their fair values due to their short term to maturity and allowances to reduce carrying values.

For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars and Euro medium-term notes, fair values are established using market quotes or the discounted cash flow calculated using year end market interest and exchange rates. The fair value of bonds issued to the Canada Pension Plan are established using discounted cash flows based on current market yields of instruments with similar characteristics, adjusted for the non-marketability and rollover provisions on the bonds. Fair values of other instruments comprising the unmaturing debt are deemed to approximate their carrying values due to their short term to maturity or their non-negotiable nature.

The fair values of public sector pension and other employee and veteran future benefit liabilities are assumed to approximate the actuarial value of the accrued benefit obligations net of the fair values of the pension assets, which are established at market value for investments and at discounted net present value for other assets.

Fair values of the securities and gold reserves held in the foreign exchange accounts are established using market quotes or other available market information. Financial claims and obligations with the International Monetary Fund denominated in foreign currencies are reported at Canadian dollar equivalents at March 31, which are assumed to approximate fair value.

Fair values of loans to enterprise Crown corporations are established using market quotes or the discounted cash flow calculated using year end market interest rates. For portfolio or temporary investments, fair values are established using stock market quotes or other available information.

Fair values of other loans, investments and advances are assumed to approximate carrying values since allowances are recorded when necessary to reduce their carrying value to amounts that approximate their estimated realizable value.

(b) Derivative financial instruments

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	(in millions of dollars)			
	2013		2012	
	Principal amount	Fair value	Principal amount	Fair value
Cross currency swaps	46,216	3,201	44,357	4,231
Foreign exchange forward agreements	2,268	107	2,097	(39)
Total	48,484	3,308	46,454	4,192

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements, calculated from the contractual or notional principal amounts, using year end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

16. Contractual Obligations

The nature of government activities results in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

	(in millions of dollars)	
	2013	2012
Transfer payment agreements	33,165	27,009
Capital assets and purchases	31,623	33,848
Operating leases	2,910	2,646
International organizations	4,342	4,744
	72,040	68,247

Details can be found in Section 11 (unaudited) of this volume.

Estimated future expenditures related to these contractual obligations are as follows:

Year	(in millions of dollars)
2014	28,783
2015	12,392
2016	8,600
2017	4,737
2018	3,039
2019 and subsequent	14,489
	72,040

Details can be found in Section 11 (unaudited) of this volume.

i. Transfer payment agreements

Transfer payments are one of the government's key instruments to provide various services to Canadians and to contribute to building a strong society and a competitive nation. They represent a large part of the Government of Canada's spending. Estimated future expenditures related to these transfer payment agreements are as follows:

Year	(in millions of dollars)
2014	17,443
2015	6,533
2016	4,617
2017	2,308
2018	1,491
2019 and subsequent	773
	33,165

ii. Operating leases

The Government rents premises and equipment under operating leases which expire at various dates. Future minimum lease payments as at March 31, 2013 total \$2,910 million (\$2,646 million in 2012).

17. Environmental Liabilities, Guarantees and Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into contingent liabilities related to: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations.

i. Guarantees provided by the Government

At March 31, 2013, the principal amount outstanding for guarantees provided by the Government amount to \$392,119 million (\$250,434 million in 2012) for which an allowance of \$428 million (\$506 million in 2012) has been recorded. The authorized limit, where applicable, is established at \$348,609 million (\$298,576 million in 2012) for an amount of \$146,512 million (\$5,776 million in 2012) of guarantees provided by the Government. Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. Of the total amount guaranteed, \$243,581 million (\$242,328 million in 2012) relates to guarantees on the borrowings of agent enterprise Crown corporations for which no authorized limit has been set and no allowance (nil in 2012) has been recorded. The repayment of all money borrowed by agent enterprise Crown corporations and interest thereon constitute obligations of the Government and are recorded net of borrowings expected to be repaid directly by these corporations.

ii. International organizations

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2013, callable share capital amounts to \$26,094 million (\$25,051 million in 2012).

iii. Environmental liabilities

(a) Remediation of contaminated sites

The Government has identified approximately 16,300 sites for which environmental liabilities may exist for assessment, remediation and monitoring. Of these, the Government has identified approximately 2,300 sites (2,400 sites in 2012), where action is possible and for which a liability of \$4,892 million (\$4,773 million in 2012) has been recorded.

In addition, the Government has estimated further clean-up costs for which it may be potentially liable of \$971 million (\$1,057 million in 2012). These further clean-up costs have not been accrued as the Government's obligation to incur these costs is not determinable.

(b) Future asset restoration

The total future asset restoration liability is \$5,708 million (\$3,589 million in 2012) of which Atomic Energy of Canada Ltd. (AECL) has recorded \$5,688 million (\$3,566 million in 2012) for nuclear facility decommissioning. In 2012-2013 AECL undertook a comprehensive review of the long-term decommissioning strategy and related cost estimate. That review resulted in a re-estimate of cost and timing of several projects comprising the liability as well as an increase in the portion of AECL's corporate services and site operations support costs attributed to the decommissioning liability. This review is the result of new information that has not been available in prior periods and has resulted in a \$2,100 million increase in the liability as the estimated expenditures are higher and will be incurred at a time sooner than that previously used to value the liability.

In addition, the Government has recorded \$3 million (\$4 million in 2012) related to 8 out of a total of 50 unexploded explosive ordnance (UXO) affected sites (10 out of a total of 43 UXO sites in 2012) where clearance action is likely. Management has estimated possible additional clearance costs ranging from \$180 million to \$524 million that are not accrued as the obligation is undeterminable at this time.

The Government's ongoing efforts to assess contaminated sites and future asset restoration obligations may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any additional liabilities will be accrued in the year in which they become known and can be reasonably estimated.

iv. *Claims and pending and threatened litigation*

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and for which an amount has not been accrued, are estimated at approximately \$5,041 million (\$4,769 million in 2012) which is based on management's best estimate determined on a case by case basis. Certain large and significant claims are described below:

Comprehensive land claims: Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. There are currently 81 (81 in 2012) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of \$3,825 million (\$3,558 million in 2012) is estimated for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Specific claims: Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. There are currently 448 (439 in 2012) specific claims under negotiation, accepted for negotiation or under review. A liability of \$3,796 million (\$4,483 million in 2012) is estimated for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Assessed taxes under objection or appeal: As at March 31, 2013, \$20,566 million (\$19,944 million in 2012) of previously assessed federal taxes was under objection at Canada Revenue Agency and \$5,080 million (\$4,840 million in 2012) was under appeal at either the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada.

Other: In September 1999, the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act* were amended to enable the Government to deal with excess amounts in the superannuation accounts and pension funds governed by these Acts. The legal validity of these provisions was challenged in the Courts. On November 20, 2007, the Ontario Superior Court of Justice rendered its decision and dismissed all the claims of the plaintiffs. The Ontario Court of Appeal dismissed the plaintiffs' appeal on October 8, 2010. The plaintiffs then sought leave to appeal this decision to the Supreme Court of Canada. The Supreme Court of Canada granted leave to appeal. The appeal was heard on February 9, 2012. On December 19, 2012, the Supreme Court of Canada dismissed the plaintiffs' appeal.

v. *Insurance programs of agent enterprise Crown corporations*

Three agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to \$100,000 deposited with each member bank, trust or loan company; the Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; and Export Development Canada provides export and foreign investment insurance to help with export trade. At March 31, 2013, total insurance in force amounts to \$1,622,793 million (\$1,589,358 million in 2012). The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Further details on contingent liabilities can be found in Section 11 (unaudited) of this volume.

18. Segmented information

The Government segmented information is based on the ministry structure reported in the 2012-2013 Estimates, which groups the activities of departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 12. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items.

The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. The following tables present the Consolidated Statement of Operations by Ministry and Crown corporation and other entities before the elimination of internal transactions for the year ended March 31:

(in millions of dollars)

	2013							
	Canada Revenue Agency	Finance	Human Resources and Skills Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corporations and other entities	Adjustments ⁽¹⁾ Total
Revenues								
Tax Revenues —								
Income tax revenues	165,787							165,787
Other taxes and duties	17,958				25,593			43,551
Total Tax Revenues	183,745				25,593			209,338
Employment Insurance Premiums			20,796					(401) 20,395
Other Revenues —								
Crown corporations							15,984	(4,536) 11,448
Other programs	4,373	656	2,704	476	2,247	10,243	516	(7,263) 13,952
Net foreign exchange		1,502						1,502
Total Other Revenues	4,373	2,158	2,704	476	2,247	10,243	16,500	(11,799) 26,902
Total Revenues	188,118	2,158	23,500	476	27,840	10,243	16,500	(12,200) 256,635
Expenses								
Transfer Payments —								
Old age security benefits, guaranteed income supplement and spouse's allowance			40,255					40,255
Major transfer payments to other levels of government		56,406				1,964		58,370
Employment insurance benefits			17,099					17,099
Children's benefits	10,266		2,709					12,975
Other transfer payments	3,527	868	6,088	181	274	23,495	667	(238) 34,862
Total Transfer Payments	13,793	57,274	66,151	181	274	25,459	667	(238) 163,561
Other Program Expenses —								
Crown corporations							9,857	(345) 9,512
Ministries	7,909	832	4,699	23,629	9,764	37,866	251	(11,612) 73,338
Total Other Program Expenses	7,909	832	4,699	23,629	9,764	37,866	10,108	(11,957) 82,850
Total Program Expenses	21,702	58,106	70,850	23,810	10,038	63,325	10,775	(12,195) 246,411
Public Debt Charges		28,946		29		183		(5) 29,153
Total Expenses	21,702	87,052	70,850	23,839	10,038	63,508	10,775	(12,200) 275,564

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

⁽¹⁾ Represents consolidation adjustments to eliminate internal transactions.

Public Accounts of Canada, 2012-2013

(in millions of dollars)

	2012								Total
	Restated (Note 2)								
	Canada Revenue Agency	Finance	Human Resources and Skills Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corpo- rations and other entities	Adjustments ⁽¹⁾	
<i>Revenues</i>									
Tax Revenues —									
Income tax revenues	159,478								159,478
Other taxes and duties	17,992				25,114				43,106
<i>Total Tax Revenues</i>	<i>177,470</i>				<i>25,114</i>				<i>202,584</i>
<i>Employment Insurance Premiums</i>			18,938					(382)	18,556
Other Revenues —									
Crown corporations							16,883	(4,859)	12,024
Other programs	4,293	618	2,840	424	1,984	11,247	467	(7,599)	14,274
Net foreign exchange		1,669							1,669
<i>Total Other Revenues</i>	<i>4,293</i>	<i>2,287</i>	<i>2,840</i>	<i>424</i>	<i>1,984</i>	<i>11,247</i>	<i>17,350</i>	<i>(12,458)</i>	<i>27,967</i>
<i>Total Revenues</i>	<i>181,763</i>	<i>2,287</i>	<i>21,778</i>	<i>424</i>	<i>27,098</i>	<i>11,247</i>	<i>17,350</i>	<i>(12,840)</i>	<i>249,107</i>
<i>Expenses</i>									
Transfer Payments —									
Old age security benefits, guaranteed income supplement and spouse's allowance			38,045						38,045
Major transfer payments to other levels of government		54,588				2,206			56,794
Employment insurance benefits			17,647						17,647
Children's benefits	10,049		2,677						12,726
Other transfer payments	3,647	521	6,382	209	1,015	25,693	561	(308)	37,720
<i>Total Transfer Payments</i>	<i>13,696</i>	<i>55,109</i>	<i>64,751</i>	<i>209</i>	<i>1,015</i>	<i>27,899</i>	<i>561</i>	<i>(308)</i>	<i>162,932</i>
Other Program Expenses —									
Crown corporations							8,527	(329)	8,198
Ministries	8,882	816	5,185	22,761	9,598	37,942	188	(12,196)	73,176
<i>Total Other Program Expenses</i>	<i>8,882</i>	<i>816</i>	<i>5,185</i>	<i>22,761</i>	<i>9,598</i>	<i>37,942</i>	<i>8,715</i>	<i>(12,525)</i>	<i>81,374</i>
<i>Total Program Expenses</i>	<i>22,578</i>	<i>55,925</i>	<i>69,936</i>	<i>22,970</i>	<i>10,613</i>	<i>65,841</i>	<i>9,276</i>	<i>(12,833)</i>	<i>244,306</i>
<i>Public Debt Charges</i>		30,875		33		179		(7)	31,080
<i>Total Expenses</i>	<i>22,578</i>	<i>86,800</i>	<i>69,936</i>	<i>23,003</i>	<i>10,613</i>	<i>66,020</i>	<i>9,276</i>	<i>(12,840)</i>	<i>275,386</i>

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

⁽¹⁾ Represents consolidation adjustments to eliminate internal transactions.

Observations of the Auditor General on the Consolidated Financial Statements of the Government of Canada For the Year Ended 31 March 2013

Our opinion provides assurance that the Government of Canada is properly reporting its overall financial performance to Parliament and to Canadians. Reporting the government's financial results requires significant effort by public servants. Staff in individual departments and central agencies work together to prepare the government's consolidated financial statements. For the 15th consecutive year, we have expressed an unmodified audit opinion on the consolidated financial statements, and we thank those involved for their assistance and for the cooperation extended to my Office during the audit.

The purpose of these Observations is to comment on matters that we would like to bring to Parliament's attention.

National Defence — Inventory and Asset-Pooled Items

For the past 10 years, we have been reporting National Defence's difficulties in properly recording and valuing its inventory and asset-pooled items (repairable spare parts associated with the Department's capital assets). These difficulties have resulted in hundreds of millions of dollars in adjustments being made each year to the government's consolidated financial statements. Inventories at National Defence account for about \$6.5 billion of the government's total \$7.5 billion in inventories. In addition, asset-pooled items, which are controlled as inventory and accounted for as tangible capital assets, have a net book value of about \$3.1 billion.

In last year's Observations, we reported that National Defence was working on several initiatives aimed at, among other things, addressing its difficulties in properly recording and valuing its inventory and asset-pooled items. These initiatives included developing policies and financial control frameworks and transitioning to a new resource management system. This transition, which is due to be completed by December 2013, would enable the Department to track and account for its inventory, asset-pooled items, and tangible capital assets in one system. As all initiatives were expected to be completed by 2016, we reported that the Department needed to implement compensating controls during the interim period to ensure that its assets are accurate, complete, properly valued, and recorded.

In its June 2013 report, the Standing Committee on Public Accounts recommended that, by 30 September 2013, National Defence provide the Committee with a plan, including specific initiatives and timelines, for improving the proper recording and valuation of the Department's inventory and asset-pooled items. During the audit, the Department indicated that it will meet the deadline and will present its plan to the Committee. On 13 September 2013, Parliament was officially prorogued ending the session and terminating the business of the Committee. The Department informed us that it still intends to present its plan by November 2013.

In the 2012-2013 fiscal year, National Defence continued to work on its improvement initiatives. Nevertheless, we found that National Defence has made limited progress in implementing effective compensating controls and processes to address its difficulties in properly recording and valuing its inventory and asset-pooled items. We continue to find errors that require numerous adjustments relating to valuation, completeness, and accuracy of quantities, and the timely recording of transactions. Furthermore, the Department has extended its timeline, to beyond 2016, to complete the work required to ensure that it has in place an effective risk-based system of internal control that is properly maintained, monitored, and reviewed, with timely corrective measures taken when issues are identified. Therefore, delays in completing this work increase the need for effective compensating controls to be implemented in the interim to address concerns related to inventory and asset-pooled items.

Senior management needs to continue to monitor the implementation of the various improvement initiatives and to report on their status to its Departmental Audit Committee and to the Comptroller General, as necessary. Given the nature and significant value of the Department's inventory and asset-pooled items, we reaffirm the importance of implementing effective compensating controls until the initiatives are implemented fully. Effective compensating controls will ensure that the Department maintains proper records that provide accurate information for sound decision making. These compensating controls should include, but are not limited to, the following measures:

- Perform physical counts at each year-end, focusing, at a minimum, on high-dollar value and high-risk items, to ensure that the quantities recorded for inventory and asset-pooled items reflect the actual quantities in stock.
- Put in place processes and procedures to maintain the integrity of price data, across all inventory accounts and asset-pooled items, to ensure that accurate pricing is available.
- Determine the root causes of quantity and pricing differences identified during the counts, and take corrective and timely action to ensure complete and accurate records.
- Extend the investigation of identified errors across all other similar accounts.
- Establish and use contra accounts to ensure timely write-downs and write-offs of damaged and obsolete inventory and asset-pooled items in order to record them at appropriate values.

We will continue to monitor National Defence's improvement initiatives concerning inventory and asset-pooled items and their impact on the consolidated financial statements.

Continuing Matters

In the past, we have reported the following matter in the Observations:

Action taken, further reporting not anticipated

Observation	Current status
Accrual based budgeting and appropriations by departments and agencies	<p>Appropriations are currently accounted for using the modified cash basis of accounting. Accrual based appropriations would provide Parliament with the same basis for control and approval over voted spending as the government's overall financial plan and the consolidated financial statements.</p> <p>In previous years, we reported that the federal government had outlined a plan to implement accrual based budgeting in phases. After implementing it, the government planned to evaluate the costs and benefits of implementing accrual-based appropriations in the 2012-2013 fiscal year.</p> <p>In April 2013, the government completed its study of accrual based budgeting and appropriations, and it reported the results to the standing committees on Public Accounts and on Government Operations and Estimates. In its Report on the Assessment of Departmental Accrual Budgeting and Appropriations, the Treasury Board of Canada Secretariat concluded that it continues to support the use of accrual methods for budgeting, accounting, and reporting, but that the accounting for appropriations should remain unchanged.</p>

Matters requiring further action

Observation	Current status
Canada Border Services Agency — Tax Revenue System Deficiencies	<p>For several years, we have stated that the Canada Border Services Agency needed to improve its tax revenue accounting systems and practices, because unexplained differences existed between the general ledger and the various reports taken from customs tax program systems. The data in these systems requires extensive manipulation in order to present revenues and receivables on an accrual basis of accounting.</p> <p>During the year, the Canada Border Services Agency completed its historical GST/HST revenue reconciliations resulting in no material unexplained differences. The Agency is now performing ongoing monthly reconciliations of their revenue and adjustments are recorded on an ongoing basis as needed.</p> <p>A 2008 report by the Standing Committee on Public Accounts recommended that the Agency provide the Committee with a detailed plan, including timelines, for improving its tax revenue accounting systems. The Agency's response to the report noted that it had a plan to address the shortcomings in financial reporting and data integrity.</p> <p>This year, the Agency advised us that, after numerous changes in the plans and the timing, it has further delayed the date for the scheduled implementation of the new accounts receivable system to 31 March 2015. It is important that the revised implementation deadline be met without further delays in order to improve the information used in the management of accounts receivable and financial reporting.</p>

Observation	Current status
<p>National Defence — Tangible Capital Assets</p>	<p>In the past, we have reported that National Defence has had difficulties in properly accounting for work in progress and other tangible capital assets.</p> <p>In the 2012-2013 fiscal year, we noted that the Department has made progress in addressing longstanding write-downs and write-offs of work in progress and tangible capital assets. However, challenges continue to be identified with respect to:</p> <ul style="list-style-type: none"> • the timely recording and amortization of tangible capital assets that are put into use; and • the timely write-downs and write-offs of tangible capital assets identified as obsolete, damaged, or no longer in use. <p>To ensure that amounts recorded are complete and accurate it is important that National Defence monitor its work-in-progress balances to identify and record, on a timely basis, amounts that should be recorded as a tangible capital asset. As with inventory and asset-pooled items, the Department should establish and use contra accounts to ensure that the tangible capital assets that require write-down and write-off are properly reflected in financial records on a timely basis.</p>

Section 3

2012-2013

Public Accounts of Canada

Revenues, Expenses and Accumulated Deficit

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Revenues, Expenses and Accumulated Deficit

This section provides information on the revenues, expenses and accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 3.1
Revenues, Expenses and Accumulated Deficit
(in millions of dollars)

	2012-2013	2011-2012
		Restated ⁽¹⁾
Revenues —		
Tax revenues, Table 3.2	209,338	202,584
Employment insurance premiums	20,395	18,556
Other revenues, Table 3.4	26,902	27,967
Total revenues	256,635	249,107
Expenses —		
Transfer payments	163,561	162,937
Other program expenses	82,850	81,374
Total Program Expenses	246,411	244,306
Public debt charges, Table 3.8	29,153	31,080
Total Expenses, Table 3.6	275,564	275,386
Annual deficit	18,929	26,279
Accumulated Deficit at Beginning of Year — as Previously Reported	582,176	553,664
Accounting Changes and Restatement — Accumulated Sick Leave Entitlements	1,400	1,341
Accumulated Deficit at Beginning of Year — as Restated	583,576	555,005
Other Comprehensive Loss (Income)	(64)	2,292
Accumulated Deficit at End of Year	602,441	583,576

⁽¹⁾ Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Revenues

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for Revenues

The Government reports all revenues on an accrual basis.

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention. Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories.

Revenues for the fiscal year ended March 31 are based on amounts assessed/reassessed at the time of preparation of the consolidated financial statements and estimates of income tax earned in the fiscal period but not yet assessed/reassessed. These estimates are based on amounts received at the time of preparation of the consolidated financial statements that relate to the fiscal year ended March 31 that have not been assessed or that are awaiting reassessment. Actual results may differ significantly from these estimates. Differences between estimates and actuals are recorded in the fiscal year in which the actual assessment/reassessment is completed. Revenues do not include estimates for amounts of unreported taxes or the impact of future reassessments that cannot be reasonably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. As foregone revenue, tax concessions do not give rise to assets or expenses of the taxing government. Tax expenditures that provide a financial benefit through the tax system and are not related to the relief of taxes paid or payable, are shown as transfer payment expenses and are not netted against tax revenue.

Income tax revenue is recognized when the taxpayer has earned the income producing the tax. Revenue is determined net of tax concessions allowed under the *Income Tax Act* and in accordance with the new Public Sector Accounting Standard for Tax Revenue.

Goods and services tax, and excise and customs revenues are recorded based on the tax and duties assessed and estimated at the time of preparation of the consolidated financial statements that relate to the fiscal year ended March 31. For domestic goods and services tax, revenue is recognized at the time of the sale of goods or the provision of services. For excise duties, revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. For excise taxes, revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. For customs duties and goods and services tax on imports, revenue is recognized when goods are authorized by the Canada Border Services Agency to enter Canada.

Employment insurance premiums are recognized in revenue in the same period as the insurable earnings are earned. Other revenues are recognized in the period to which they relate.

Tax Revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

Table 3.2
Tax Revenues
(in millions of dollars)

	2012 2013	2011 2012 Restated ⁽¹⁾
Tax revenues —		
Income tax revenues —		
Personal	125,728	120,537
Corporate	34,986	33,641
Non-resident	5,073	5,300
	165,787	159,478
Other taxes and duties —		
Goods and services tax, Table 3.3	28,821	28,370
Energy taxes —		
Excise tax — Gasoline	4,228	4,203
Excise tax — Aviation gasoline and diesel fuel	1,153	1,125
	5,381	5,328
Customs import duties	3,979	3,862
Other excise taxes and duties —		
Excise duties	4,414	4,482
Air travellers security charge	636	631
Softwood lumber products export charge	160	234
Other miscellaneous excise taxes and duties	160	199
	5,370	5,546
	43,551	43,106
Total tax revenues ⁽²⁾	209,338	202,584

(1) Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

(2) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Other taxes and duties

Other taxes and duties are collected under the *Excise Tax Act*, *Customs Tariff* (Act) and other acts and include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

Goods and services tax

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 5 percent on most goods and services consumed in Canada, with only a limited set of exclusions that

include certain medical devices, prescription drugs, basic groceries, residential rents and most health and dental care services. A comparative analysis of the GST is presented in Table 3.3.

Table 3.3
Goods and Services Tax (GST) ⁽¹⁾
(in millions of dollars)

	2012 2013	2011 2012
GST.....	34,731	34,178
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties	1,880	1,914
Gross GST from outside parties.....	32,851	32,264
Less: quarterly tax credits	4,030	3,894
Net GST from outside parties.....	28,821	28,370

⁽¹⁾ Reported in the Consolidated Statement of Operations and Accumulated Deficit (Section 2 of this volume).

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The air travelers security charges are collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The Softwood Lumber Products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies on amounts related to a United States duty order related to the importation of softwood lumber products into the United States between May 22, 2002 and September 30, 2006.

Employment Insurance Premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

Other Revenues

Other revenues include Crown corporations, other program and net foreign exchange revenues.

Table 3.4
Other Revenues
(in millions of dollars)

	2012-2013	2011-2012
Other revenues —		
Crown corporations —		
Consolidated Crown corporations	3,905	4,041
Enterprise Crown corporations and other government business enterprises —		
Share of annual profit	4,995	5,350
Interest and other	2,548	2,633
	11,448	12,024
Other programs —		
Return on investments, Table 3.5	1,159	1,175
Sales of goods and services —		
Rights and privileges	2,103	2,847
Lease and use of public property	612	588
Services of a regulatory nature	1,251	1,206
Services of a non regulatory nature	3,262	2,947
Sales of goods and information products	199	229
Other fees and charges	500	565
	7,927	8,382
Miscellaneous —		
Interest and penalties	3,822	3,677
Other	1,044	1,040
	13,952	14,274
Net foreign exchange —		
Exchange Fund Account	1,401	1,672
International Monetary Fund	101	1
Other		(4)
	1,502	1,669
Total other revenues ⁽¹⁾	26,902	27,967

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Additional details are provided in Table 4a in Section I of Volume II of the *Public Accounts of Canada*.

Crown corporations

Crown corporation revenues include revenues earned from third parties by Consolidated Crown corporations and other entities, interest earned on loans to enterprise Crown corporations and other government business enterprises, and the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

Other programs

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

Net foreign exchange

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

Table 3.5
Return on Investments ⁽¹⁾
(in millions of dollars)

	2012-2013	2011-2012
Cash and accounts receivable —		
Interest on bank deposits	223	116
Loans, investments and advances —		
Portfolio investments	1	(2)
National governments including developing countries	3	2
International organizations	1	4
Provincial and territorial governments	(2)	(2)
Other loans, investments and advances	755	747
	760	753
Other accounts —		
Exxo Ltd — Norman Wells Project — Profits	109	97
Other	1	1
	110	98
Total ministerial return on investments	1,093	967
Net gain (loss) on exchange	69	199
Accrual of other revenues	21	33
Total return on investments	1,183	1,199
Elimination of return on investments internal to the Government	(24)	(24)
Total external return on investments	1,159	1,175

⁽¹⁾ Additional details are provided in Table 4a in Section I of Volume II, and in Section 10 of Volume III of the *Public Accounts of Canada*.

⁽²⁾ Less than \$500,000.

Expenses

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for Expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by the consolidated financial statements date. In the case of transfers that do not form part of an existing program, the transfers are considered to be authorized when the Government announces a decision to make a non recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of

the consolidated financial statements. Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, and for inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

On a day to day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenses recorded in the accounts. In preparing the consolidated financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents external expenses by segment and by type.

Table 3.6
External Expenses by Segment and by Type
(in millions of dollars)

	Major transfer payments ⁽¹⁾		Other transfer payments	
	2012-2013	2011-2012	2012-2013	2011-2012
Ministries —				
Agriculture and Agri-Food			1,889	1,671
Atlantic Canada Opportunities Agency			158	172
Canada Revenue Agency	10,266	10,049	3,527	3,647
Canadian Heritage			1,040	1,070
Citizenship and Immigration			936	940
Economic Development Agency of Canada for the Regions of Quebec ..			172	169
Environment			119	87
Finance	56,406	54,588	868	521
Fisheries and Oceans			88	129
Foreign Affairs and International Trade			3,738	4,321
Governor General				
Health			2,652	2,669
Human Resources and Skills Development	60,063	58,369	6,098	6,264
Indian Affairs and Northern Development			6,233	5,939
Industry			2,297	2,597
Justice			378	371
National Defence			181	209
Natural Resources			1,076	2,573
Parliament			1	1
Privy Council			24	93
Public Safety and Emergency Preparedness			275	1,015
Public Works and Government Services			6	5
Transport	1,964	2,206	2,296	2,501
Treasury Board				1
Veterans Affairs			14	69
Western Economic Diversification			129	139
Provision for valuation and other items				
Total ministries	128,699	125,212	34,195	37,173
Crown corporations and other entities			667	547
Total expenses ⁽²⁾	128,699	125,212	34,862	37,720

⁽¹⁾ Includes transfer payments of \$40,255 million (\$38,045 million in 2012) for the Old age security benefits, the guaranteed income supplement and the spouse's allowance; \$58,370 million (\$56,794 million in 2012) to other levels of government; \$17,699 million (\$17,647 million in 2012) for the Employment insurance benefits and \$12,975 million (\$12,726 million in 2012) for the Children's benefits. Additional information is provided in Table 3.7 of this Section.

⁽²⁾ Additional information is provided in Table 2a in Section I of Volume II of the *Public Accounts of Canada*.

Total transfer payments		Other program expenses		Public debt charges ⁽⁴⁾		Total expenses	
2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
			Restated ⁽³⁾		Restated ⁽³⁾		Restated ⁽³⁾
1,889	1,571	1,691	1,673			3,580	3,344
158	172	102	110			260	282
13,793	13,696	7,662	8,636			21,455	22,332
1,040	1,070	561	569			1,601	1,639
936	940	703	721			1,639	1,661
172	169	61	66			233	235
119	87	1,522	1,632	1	1	1,642	1,720
57,274	55,109	533	516	28,941	30,868	86,748	86,493
88	129	1,597	1,737			1,685	1,866
3,738	4,321	2,175	2,346			5,913	6,667
		21	21			21	21
2,652	2,669	2,689	2,723			5,341	5,392
66,161	64,633	3,050	3,462			69,211	68,095
6,233	5,939	1,686	1,268			7,919	7,207
2,297	2,597	2,166	2,586			4,463	5,183
378	371	1,148	1,135			1,526	1,506
181	209	22,978	22,783	29	33	23,188	23,025
1,076	2,573	1,023	999	3	3	2,102	3,575
1	1	548	565			549	566
24	93	282	472			306	565
275	1,015	9,267	9,411			9,542	10,426
6	5	3,869	3,187	137	133	4,012	3,325
4,260	4,707	928	1,049	42	42	5,230	5,798
	1	2,870	2,554			2,870	2,555
14	69	889	1,027			903	1,096
129	139	49	57			178	196
		3,097	1,750			3,097	1,750
162,894	162,385	73,167	73,055	29,153	31,080	265,214	266,520
667	547	9,683	8,319			10,350	8,866
163,561	162,932	82,850	81,374	29,153	31,080	275,564	275,386

⁽³⁾ Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

⁽⁴⁾ Additional information is provided in Table 3.8 of this volume.

Expenses by Segment

The Government's segmented information, which is based on the ministry structure reported in the 2012-2013 Estimates, groups activities for the departments and agencies for which a Minister is responsible, and for the Crown corporations and other entities as described in Note 12 to the consolidated financial statements in Section 2 of this volume.

Government's Cost of Operations

Government's Cost of Operations consists of three major types: transfer payments, other program expenses and public debt charges.

Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following programs:

- The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and,
- The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments.

Other program expenses

This category covers the costs associated with programs directly delivered by the federal government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province and territory of certain transfer payments.

Table 3.7
Major Transfer Payments by Province and Territory
(in millions of dollars)

	Old age security benefits ⁽¹⁾	Employment insurance benefits	Fiscal arrangements	Quebec abatement ⁽²⁾	Canada health transfer	Canada social transfer	Other major transfers ⁽³⁾	Children's benefits	Total
Newfoundland and Labrador	810	965	2		438	175	31		2,421
	<i>769</i>	<i>1,014</i>	<i>538</i>		<i>454</i>	<i>171</i>	<i>31</i>		<i>2,977</i>
Prince Edward Island	200	245	338		122	50	40		995
	<i>189</i>	<i>252</i>	<i>330</i>		<i>119</i>	<i>49</i>	<i>15</i>		<i>954</i>
Nova Scotia	1,327	844	1,727		800	324	28		5,050
	<i>1,257</i>	<i>873</i>	<i>1,443</i>		<i>766</i>	<i>316</i>	<i>56</i>		<i>4,711</i>
New Brunswick	1,121	927	1,600		635	257			4,540
	<i>1,055</i>	<i>935</i>	<i>1,635</i>		<i>611</i>	<i>253</i>	<i>58</i>		<i>4,547</i>
Quebec	11,210	3,993	7,759	(4,093)	6,761	2,738	1,197		29,565
	<i>10,633</i>	<i>4,116</i>	<i>8,189</i>	<i>(3,929)</i>	<i>6,441</i>	<i>2,663</i>	<i>464</i>		<i>28,577</i>
Ontario	15,041	5,589	3,269		11,335	4,591	824		40,649
	<i>14,144</i>	<i>5,766</i>	<i>2,208</i>		<i>10,816</i>	<i>4,469</i>	<i>1,970</i>		<i>39,373</i>
Manitoba	1,425	519	1,874		1,065	431	66		5,380
	<i>1,363</i>	<i>517</i>	<i>1,944</i>		<i>1,009</i>	<i>417</i>	<i>66</i>		<i>5,316</i>
Saskatchewan	1,258	428	2		941	367	56		3,052
	<i>1,223</i>	<i>426</i>	<i>2</i>		<i>854</i>	<i>352</i>	<i>56</i>		<i>2,913</i>
Alberta	3,272	1,353	4		2,681	1,315	199		8,824
	<i>3,094</i>	<i>1,422</i>	<i>4</i>		<i>2,207</i>	<i>1,260</i>	<i>494</i>		<i>8,481</i>
British Columbia	5,537	2,068	3		4,047	1,573	(69)		13,159
	<i>5,202</i>	<i>2,157</i>	<i>3</i>		<i>3,810</i>	<i>1,526</i>	<i>511</i>		<i>13,209</i>
Total provinces	41,201	16,931	16,578	(4,093)	28,825	11,821	2,372		113,635
	<i>38,929</i>	<i>17,478</i>	<i>16,296</i>	<i>(3,929)</i>	<i>27,087</i>	<i>11,476</i>	<i>3,721</i>		<i>111,058</i>
Northwest Territories	23	34	1,070		27	15	15		1,184
	<i>22</i>	<i>36</i>	<i>996</i>		<i>31</i>	<i>15</i>	<i>15</i>		<i>1,115</i>
Nunavut	10	22	1,273		30	12	15		1,362
	<i>10</i>	<i>20</i>	<i>1,175</i>		<i>28</i>	<i>11</i>	<i>15</i>		<i>1,259</i>
Yukon Territory	26	34	767		30	12			869
	<i>24</i>	<i>33</i>	<i>705</i>		<i>28</i>	<i>12</i>	<i>15</i>		<i>817</i>
International	245	78							323
	<i>237</i>	<i>80</i>							<i>317</i>
Sub-total	41,505	17,099	19,688	(4,093)	28,912	11,860	2,402		117,373
	<i>39,222</i>	<i>17,647</i>	<i>19,172</i>	<i>(3,929)</i>	<i>27,174</i>	<i>11,514</i>	<i>3,766</i>		<i>114,566</i>
Accrual and other adjustments	(1,250)						(399)		(1,649)
	<i>(1,177)</i>		<i>16</i>				<i>(919)</i>		<i>(2,080)</i>
Sub-total	40,255	17,099	19,688	(4,093)	28,912	11,860	2,003		115,724
	<i>38,045</i>	<i>17,647</i>	<i>19,188</i>	<i>(3,929)</i>	<i>27,174</i>	<i>11,514</i>	<i>2,847</i>		<i>112,486</i>
Add: transfers made through the tax system								12,975	12,975
								<i>12,726</i>	<i>12,726</i>
Total Expenses	40,255	17,099	19,688	(4,093)	28,912	11,860	2,003	12,975	128,699
	<i>38,045</i>	<i>17,647</i>	<i>19,188</i>	<i>(3,929)</i>	<i>27,174</i>	<i>11,514</i>	<i>2,847</i>	<i>12,726</i>	<i>125,212</i>

Amounts in roman type are 2012-2013 transfer payments.

Amounts in *italic* type are 2011-2012 transfer payments.

Certain comparative figures have been reclassified to conform to the current year's presentation.

(1) Includes the guaranteed income supplement and the spouse's allowance.

(2) The Quebec Abatement is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

(3) Includes the contributions under the Gas Tax Fund of \$1,964 million as well as net payments to provinces for assistance with sales tax harmonization of \$414 million previously accrued. A payment and a payable totalling \$39 million are also included as transitional assistance to Prince Edward Island for entering into the harmonized sales tax framework.

Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance (Section 9) of Volume II and the total expenses of the public debt indicated in Table 3.6. The reconciling items include the expenses of the consolidated specified purpose accounts and accrual and other adjustments.

Table 3.8
Public debt charges ⁽¹⁾
(in millions of dollars)

	2012-2013	2011-2012 Restated ⁽²⁾
Unmatured debt —		
Interest on:		
Marketable bonds	14,491	14,962
Retail debt	76	111
Bonds for Canada Pension Plan	14,567	15,074
Amortization of discounts on Canada and Treasury Bills		
Treasury bills	1,759	1,745
Canada bills	3	2
	1,762	1,747
Amortization of premiums and discounts on all other debts		
Marketable bonds	993	1,156
Consumer price index adjustments on real return bonds	164	921
	1,157	2,077
Cross-currency swap revaluation	(564)	(553)
Servicing costs and costs of issuing new borrowings	10	21
Capital lease obligations	208	212
Other unmatured debt	4	
Total public debt charges related to unmatured debt	17,144	18,578
Pensions and other future benefits —		
Interest on:		
Public sector pensions — Superannuation accounts	8,788	9,224
Less: provision for pension adjustment	374	7
	9,162	9,231
Other employee and veteran future benefits —		
Public Service Health Care Plan and Pensioners' Dental Service Plan	896	888
Severance and other benefits	149	223
Sick leave benefit plan	41	54
Worker's compensation	28	33
Veterans' disability and other future benefits	1,311	1,626
Royal Canadian Mounted Police disability and other future benefits	165	163
	2,590	2,987
Total public debt charges related to pensions and other future benefits	11,752	12,218
Other liabilities —		
Canada Pension Plan	3	2
Government Annuities Account	13	14
Deposit and trust accounts	29	34
Other specified purpose accounts	203	202
Other liabilities	9	32
Total public debt charges related to other liabilities	257	284
Consolidated specified purpose accounts —		
Interest	5	7
Total public debt charges related to consolidated specified purpose accounts	5	7
Total public debt charges before consolidation adjustments	29,158	31,087
Less: consolidation adjustments	5	7
Total public debt charges ^{(1) (3)}	29,153	31,080
Comprised of:		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments	25,982	27,881
Accrual and other adjustments	3,176	3,206
Consolidation adjustments	(5)	(7)
Total public debt charges	29,153	31,080

⁽¹⁾ A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

⁽²⁾ Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

⁽³⁾ Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

3.12 Revenues, Expenses and Accumulated Deficit

Expenses by Object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

Table 3.9
Total Expenses by Object ⁽¹⁾
(in millions of dollars)

	Total net expenditures	Reconciliation	Total expenses
Transfer payments	135,512	28,049	163,561
Other program expenses —			
Crown corporations ⁽²⁾		9,050	9,050
Personnel	40,737	5,396	46,133
Transportation and communications	2,662	(82)	2,580
Information	292	(82)	210
Professional and special services	10,031	(2,517)	7,514
Rentals	2,934	(1,125)	1,809
Repair and maintenance	3,129	(401)	2,728
Utilities, materials and supplies	2,841	(115)	2,726
Acquisition of land, buildings and works	1,651	(1,651)	
Acquisition of machinery and equipment	3,733	(3,733)	
Other subsidies and expenses	8,725	(3,945)	4,780
Amortization of tangible capital assets		5,184	5,184
Net loss on disposal of assets		136	136
Total other program expenses	76,735	6,115	82,850
Public debt charges	25,982	3,171	29,153
Total gross expenses	238,229	37,335	275,564
Less: revenues netted against expenditures	10,412	(10,412)	
Total expenses	227,817	47,747	275,564

⁽¹⁾ Additional details are provided in Table 3a in Section I of Volume II of the *Public Accounts of Canada*.

⁽²⁾ This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time periods as the acts prescribe. These spending authorities do not generally lapse at the end of the year in which they were granted. Expenditures under such authorities account for more than two thirds of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial statutory expenditures.

Table 3.10
Expenditures under Statutory Authorities
(in millions of dollars)

	2012-2013	2011-2012
Public debt charges	25,982	27,881
Old age security payments (<i>Old Age Security Act</i>)	30,590	28,869
Canada health transfer (Part V.1 — <i>Federal-Provincial Fiscal Arrangements Act</i>)	28,819	27,174
Fiscal equalization (Part I — <i>Federal-Provincial Fiscal Arrangements Act</i>)	15,423	14,659
Canada social transfer (Part V.1 — <i>Federal-Provincial Fiscal Arrangements Act</i>)	11,859	11,514
Guaranteed income supplement payments (<i>Old Age Security Act</i>)	9,147	8,638
Territorial financing (Part I.1 — <i>Federal-Provincial Fiscal Arrangements Act</i>)	3,111	2,876
Universal child care benefit (<i>Universal Child Care Benefit Act</i>)	2,725	2,691
Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children	719	692
Additional fiscal equalization payment — Total transfer protection (Part I — <i>Federal-Provincial Fiscal Arrangements Act</i>)	680	952
Canada study grants to qualifying full and part time students pursuant to the <i>Canada Student Financial Assistance Act</i>	649	649
Contribution payments for the AgriInsurance program	678	572
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund	566	1,060
Allowance payments (<i>Old Age Security Act</i>)	554	556
Payments related to the direct financing arrangement under the <i>Canada Student Financial Assistance Act</i>	501	494
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office	474	460
Payments to International Development Association	442	384
Payments to Provinces Regarding Sales Tax Harmonization (Part III.1 — <i>Federal-Provincial Fiscal Arrangements Act</i>)	438	1,560
Contribution and grant payments for the AgriStability Program	419	289
Transitional payment to Newfoundland and Labrador (<i>Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act</i>)		536
Infrastructure Stimulus Fund		92
	133,807	132,598
Superannuation, supplementary retirement benefits, death benefits and other pensions ⁽¹⁾ —		
Public Service —		
Government's contributions to the public service pension plan and the Retirement Compensation Arrangements Account	3,031	2,665
Government's contributions to the Canada and the Quebec Pension Plans	665	654
Government's contribution to the Employment Insurance Operating Account	297	283
Government's contributions to the Death Benefit Account	12	13
Total Contributions	4,005	3,615
Less: recoveries from revolving funds	118	128
	3,887	3,487

Table 3.10
Expenditures under Statutory Authorities — *Concluded*
(in millions of dollars)

	2012-2013	2011-2012
Canadian Forces —		
Government's contribution to the Canadian Forces pension plan and the Retirement Compensation Arrangements Account	1,141	1,107
Government's contribution to the Canada and the Quebec Pension Plans	183	177
Government's contribution as employer to the Employment Insurance Operating Account	79	74
Statutory payments under the <i>Supplementary Retirement Benefits Act</i>	4	4
Government's contribution to the Death Benefit Account	2	3
	1,409	1,365
Royal Canadian Mounted Police —		
Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account	333	276
Government's contribution to the Canada and the Quebec Pension Plans	56	52
Government's contribution as employer to the Employment Insurance Operating Account	24	25
Statutory payments under the <i>Supplementary Retirement Benefits Act</i>	10	11
	423	364
Shared Services Canada —		
Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account	3	1
All other statutory expenditures	579	700
Total ministerial expenditures under statutory authorities ⁽²⁾	140,108	138,515

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

⁽²⁾ Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section I of Volume II of the *Public Accounts of Canada*.

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Section 4

2012-2013

Public Accounts of Canada

Consolidated Accounts

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Consolidated Crown Corporations and Other Entities

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those which rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line by line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. All corporations and other entities follow either Canadian Public Sector Accounting Standards or International Financial Reporting Standards. The financial information reported by all of the consolidated Crown corporations and other entities in the following summary tables have been prepared and reported based upon Canadian Public Sector Accounting Standards.

Summary Financial Statements of Consolidated Crown Corporations and Other Entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between equity adjustments and other, remeasurement gains and losses and equity transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Remeasurement gains and losses comprise certain unrealized gains and losses on financial instruments that are recognized in the Statement of Remeasurement Gains and Losses, but excluded from the annual surplus (deficit). Upon realization, these gains and losses are included in the annual surplus (deficit). Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with those of the Government.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the consolidated financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The quarterly *Inventory of Government of Canada Organizations* includes a complete list of all parent Crown corporations, wholly owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes for the year ended March 31, 2013. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.4.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2013 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Public Accounts of Canada, 2012-2013

Table 4.1

Financial Position of Consolidated Crown Corporations and Other Entities —
Assets, Liabilities and Equity as at March 31, 2013

(in thousands of dollars)

Consolidated Crown corporations and other entities	Assets			
	Financial			Total assets
	Third parties	Government, Crown corporations and other entities	Non financial	
Crown corporations ⁽¹⁾				
Atomic Energy of Canada Limited	483,706	40,239	631,302	1,155,247
Canada Council for the Arts	286,870	614	22,002	309,486
Canada Development Investment Corporation — PPP Canada Inc.	953,329	759	1,416	955,504
Canada Employment Insurance Financing Board ⁽²⁾				
Canada Lands Company Limited — Old Port of Montreal Corporation Inc. ⁽³⁾				
Canadian Air Transport Security Authority	10,648	59,073	294,965	364,686
Canadian Broadcasting Corporation	345,357	188	1,192,055	1,537,600
Canadian Commercial Corporation	1,170,539	1,020	1,046	1,172,605
Canadian Dairy Commission	7,880		147,221	155,101
Canadian Museum for Human Rights	41,365	583	294,865	336,813
Canadian Museum of Civilization	47,354	18,145	261,990	327,489
Canadian Museum of Immigration at Pier 21	9,406	545	12,125	22,076
Canadian Museum of Nature	11,170	1,133	205,285	217,588
Canadian Race Relations Foundation	23,163	1,997	90	25,250
Canadian Tourism Commission	13,657	231	3,497	17,385
Defence Construction (1951) Limited	36,112	21,687	3,384	61,183
Enterprise Cape Breton Corporation	40,135	9,362	4,806	54,303
Federal Bridge Corporation Limited, The ⁽⁴⁾	51,288	19,410	363,842	434,540
First Nations Statistical Institute ⁽⁵⁾				
International Development Research Centre	52,877	483	12,019	65,379
Marine Atlantic Inc.	24,976		253,821	278,797
National Arts Centre Corporation	24,321	24	54,705	79,050
National Capital Commission	201,416	4,210	587,452	793,078
National Gallery of Canada	29,595	1,059	89,106	119,760
National Museum of Science and Technology	11,689	1,315	66,291	79,295
Standards Council of Canada	9,523	473	1,605	11,601
Telefilm Canada	5,581	45,561	3,309	54,451
VIA Rail Canada Inc.	39,957	15,920	1,124,352	1,180,229
Total — Crown corporations	3,931,914	244,031	5,632,551	9,808,496
Conversion to the Government accounting basis for consolidation purposes	(13,867)		(250,413)	(264,280)
Net Crown corporations on the Government accounting basis	3,918,047	244,031	5,382,138	9,544,216
Other entities ⁽⁶⁾				
Aboriginal Healing Foundation	13,123		199	13,322
Canada Foundation for Innovation	699,387	532,070	4,403	1,235,860
Canada Foundation for Sustainable Development Technology	248,451	24,120	573	273,144
First Nations Market Housing Fund	300,620	34,595	114	335,329
St. Lawrence Seaway Management Corporation	19,467	30,719	52,064	102,250
Capital Fund Trust	2,024	21,290		23,314
Employee Termination Benefits Trust Fund	635	3,492		4,127
Total — Other entities	1,283,707	646,286	57,353	1,987,346
Conversion to the Government accounting basis for consolidation purposes	(2,276)	(6,190)	(35,960)	(44,426)
Net other entities on the Government accounting basis	1,281,431	640,096	21,393	1,942,920
Total	5,199,478	884,127	5,403,531	11,487,136

⁽¹⁾ All Crown corporations listed at the margin in this table are parent Crown corporations.

⁽²⁾ Effective March 7, 2013, the Canada Employment Insurance Financing Board was dissolved by issuance of the order in council 2013-0263.

⁽³⁾ On November 29, 2012 the Minister of Public Works and Government Services Canada and Minister for Status of Women, announced that Canada Lands Company Limited (CLCL) would take full responsibility for the Old Port of Montreal Corp. Inc. (OPMC) and Park Downsview Parc Inc. (PDP). That announcement provided CLCL with the power to determine their strategic operating, investing and financing policies. From that date, the operations of OPMC and PDP are consolidated in the financial statements of CLCL.

⁽⁴⁾ The financial information of the Federal Bridge Corporation Limited is consolidated to include the figures of its subsidiaries, The Jacques Cartier and Champlain Bridges Incorporated, the Seaway International Bridge Corporation, Limited and the St. Mary's River Bridge Company.

⁽⁵⁾ First Nations Statistical Institute was subsequently dissolved on April 1, 2013 following the announcement on March 29, 2012 of the budget reductions and as part of Bill C-38.

⁽⁶⁾ These entities, which are not Crown corporations or agents of the Crown, are considered other consolidated entities.

4.4 Consolidated Accounts

Liabilities								
Third parties		Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
Borrowings	Other							
	8,355,545	425,175	8,780,720	(7,904,544)	264,071	15,000	(7,625,473)	1,155,247
	61,721	873	62,594	246,892			246,892	309,486
	2,262	950,032	952,294	3,210			3,210	955,504
	33,333	303	33,636	331,050			331,050	364,686
418,595	235,661	7,460	661,716	875,884			875,884	1,537,600
	1,121,760	477	1,122,237	40,368	10,000		50,368	1,172,605
2,140	44,119	108,842	155,101					155,101
	179,430	138,587	327,617	9,196			9,196	336,813
	22,231	242,335	264,536	62,953			62,953	327,489
	8,764	10,618	19,387	2,689			2,689	22,076
	37,818	190,888	228,706	(11,118)			(11,118)	217,588
	143	20	163	25,087			25,087	25,250
	7,105		7,105	10,280			10,280	17,385
	24,440	1,092	25,532	35,651			35,651	61,183
	456,697	4,563	461,260	(406,957)			(406,957)	54,303
5,000	101,044	357	106,401	328,139			328,139	434,540
	43,862	9,365	53,227	12,152			12,152	65,379
	14,718	2,687	17,405	261,392			261,392	278,797
	14,021	65,962	79,983	(933)			(933)	79,050
	140,511	4,601	145,112	647,966			647,966	793,078
	11,670	100,987	112,657	7,103			7,103	119,760
	10,143	57,031	67,174	12,121			12,121	79,295
	3,622	16	3,638	7,963			7,963	11,601
	38,114	268	38,382	16,069			16,069	54,451
	188,409	873,203	1,061,612	109,317		9,300	118,617	1,180,229
425,735	11,156,718	3,205,742	14,788,195	(5,278,070)	274,071	24,300	(4,979,699)	9,808,496
	(2,502,521)	(2,868,280)	(5,370,801)	5,404,892	(274,071)	(24,300)	5,106,521	(264,280)
425,735	8,654,197	337,462	9,417,394	126,822			126,822	9,544,216
	13,322		13,322					13,322
	927	1,234,933	1,235,860					1,235,860
	809	272,335	273,144					273,144
	32,887	302,442	335,329					335,329
	96,898	8,909	105,807	(3,557)			(3,557)	102,250
	1	23,313	23,314					23,314
	1	4,126	4,127					4,127
	144,845	1,846,058	1,990,903	(3,557)			(3,557)	1,987,346
	(38,559)	(1,817,967)	(1,856,526)	1,812,100			1,812,100	(44,426)
	106,286	28,091	134,377	1,808,543			1,808,543	1,942,920
425,735	8,760,483	365,553	9,551,771	1,935,365			1,935,365	11,487,136

Table 4.2

Revenues, Expenses and Other Changes in Equity of Consolidated Crown Corporations and Other Entities for the year ended March 31, 2013

(in thousands of dollars)

Consolidated Crown corporations and other entities	Third parties	Revenues		Total
		Government, Crown corporations and other entities	Other	
Crown corporations				
Atomic Energy of Canada Limited	97,428	492,362	178,043	767,833
Canada Council for the Arts	15,050	181,180	1,128	197,358
Canada Development Investment Corporation— PPP Canada Inc.	33	14,180	445	14,658
Canada Employment Insurance Financing Board		1,203		1,203
Canada Lands Company Limited				
Old Port of Montreal Corporation Inc.	16,141	10,036		26,177
Canadian Air Transport Security Authority	2,366	511,685		514,051
Canadian Broadcasting Corporation	665,955	1,106,519	1,310	1,773,784
Canadian Commercial Corporation	2,232,029	15,482	9,396	2,256,907
Canadian Dairy Commission	286,989	4,086		291,075
Canadian Museum for Human Rights	92	13,703	565	14,360
Canadian Museum of Civilization	16,064	56,664	16,479	89,207
Canadian Museum of Immigration at Pier 21	1,723	7,727	1,094	10,544
Canadian Museum of Nature	6,607	28,626	7,582	42,815
Canadian Race Relations Foundation	97		331	428
Canadian Tourism Commission	8,684	72,502	1,460	82,646
Defence Construction (1951) Limited	598		114,542	115,140
Enterprise Cape Breton Corporation	1,677	60,667		62,344
Federal Bridge Corporation Limited, The	14,879	130,284	1,042	146,205
First Nations Statistical Institute		1,984	580	2,564
International Development Research Centre	24,794	156,223	20,485	201,502
Marine Atlantic Inc.	107,273	187,884		295,157
National Arts Centre Corporation	27,613	35,526	6,290	69,429
National Capital Commission	31,545	108,834	7,558	147,937
National Gallery of Canada	14,099	47,938		62,057
National Museum of Science and Technology	5,438	28,593	4,658	38,689
Standards Council of Canada	8,028	10,319	1,213	19,560
Telefilm Canada	22,876	102,968		125,844
VIA Rail Canada Inc.	272,483	322,621	79,058	674,162
Total — Crown corporations	3,880,561	3,709,816	453,259	8,043,636
Conversion to the Government accounting basis for consolidation purposes	24,073	495,386	(121,746)	397,713
Total on the Government accounting basis	3,904,634	4,205,202	331,513	8,441,349
Consolidation adjustments	305	(4,205,202)	(331,513)	(4,536,410)
Net amount — Crown corporations	3,904,939			3,904,939
Other entities				
Aboriginal Healing Foundation	12,393			12,393
Canada Foundation for Innovation	16,000		546,765	562,765
Canada Foundation for Sustainable Development Technology	3,498		74,949	78,447
First Nations Market Housing Fund	10,931		545	11,476
St. Lawrence Seaway Management Corporation	70,069		74,301	144,370
Capital Fund Trust	46	67,000	7,349	74,395
Employee Termination Benefits Trust Fund	8			8
Total — Other entities	112,945	67,000	703,909	883,854
Conversion to the Government accounting basis for consolidation purposes	(3,188)	251,899	(616,642)	(367,931)
Total on the Government accounting basis	109,757	318,899	87,267	515,923
Consolidation adjustments	7,012	(318,899)	(87,267)	(399,154)
Net amount — Other entities	116,769			116,769
Total	4,021,708			4,021,708

The accompanying notes to Table 4.1 are an integral part of this table.

Third parties	Expenses		Net income (loss)	Equity beginning of year	Equity adjustments and other	Remeasurement gains (losses)	Equity transactions with the Government		Equity end of year
	Government, Crown corporations and other entities	Total					Dividends	Capital	
2,747,392	84,090	2,831,482	(2,063,649)	(5,534,028)				(27,796)	(7,625,473)
191,019	348	191,367	5,991	174,945	56,916	9,040			246,892
13,163	813	13,976	682	2,528					3,210
1,218		1,218	(15)	62	(47)				
36,787		36,787	(10,610)	396,940	(386,330)				
513,000	11,461	524,461	(10,410)	(3,612)	345,072				331,050
1,675,119	1,275	1,676,394	97,390	204,467	574,027				875,884
2,252,062	3,668	2,255,730	1,177	49,445	(254)				50,368
288,156	1,069	289,225	1,850		(1,850)				
12,187	1,264	13,451	909	7,939		348			9,196
78,813	13,400	92,213	(3,006)	64,868		1,091			62,953
8,139	1,501	9,640	904	2,138	(282)	(71)			2,689
38,972	4,306	43,278	(463)	(10,655)					(11,118)
1,150	256	1,406	(978)	24,408		1,657			25,087
82,563	1,391	83,954	(1,308)	13,269	(1,681)				10,280
107,567	309	107,876	7,264	28,387					35,651
47,496	21,642	69,138	(6,794)	(400,163)					(406,957)
94,621		94,621	51,584	27,175	249,380				328,139
2,359	407	2,766	(202)	333	(131)				
293,184		293,184	(91,682)	103,834					12,152
258,753		258,753	36,404	227,405	1,882	(4,299)			261,392
64,704	4,213	68,917	512	178	(1,650)	27			(933)
134,160	10,232	144,392	3,545	644,421					647,966
51,604	8,862	60,466	1,591	5,512					7,103
31,009	4,912	35,921	2,768	9,353					12,121
17,526	54	17,580	1,980	5,228	755				7,963
123,241	755	123,996	1,848	14,221					16,069
626,364	6,262	632,626	41,536	77,081					118,617
9,792,328	182,490	9,974,818	(1,931,182)	(3,864,321)	835,807	7,793		(27,796)	(4,979,699)
(100,814)	(16,640)	(117,454)	515,167	5,407,158	(835,807)	(7,793)		27,796	5,106,521
9,691,514	165,850	9,857,364	(1,416,015)	1,542,837					126,822
(179,262)	(165,850)	(345,112)	(4,191,298)		4,191,298				
9,512,252		9,512,252	(5,607,313)	1,542,837	4,191,298				126,822
12,393		12,393							
562,661	104	562,765							
78,447		78,447							
10,931	545	11,476							
133,327	206	133,533	10,837	29,003	(43,397)				(3,557)
1	74,394	74,395							
2	6	8							
797,762	75,255	873,017	10,837	29,003	(43,397)				(3,557)
47,452	(1,907)	45,545	(413,476)	2,182,179	43,397				1,812,100
845,214	73,348	918,562	(402,639)	2,211,182					1,808,543
(6,907)	(73,348)	(80,255)	(318,899)		318,899				
838,307		838,307	(721,538)	2,211,182	318,899				1,808,543
10,350,559		10,350,559	(6,328,851)	3,754,019	4,510,197				1,935,365

Borrowings by Consolidated Agent Crown Corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are from lenders other than the Government. In accordance with

section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary consolidated financial statements of Canada.

Table 4.3
Borrowings by Consolidated Agent Crown Corporations
(in thousands of dollars)

	Balance April 1/2012	Borrowings and other credits	Repayments and other charges	Balance March 31/2013
Canadian Broadcasting Corporation	435,305		16,710	418,595
Canadian Commercial Corporation	3,945		3,945	
Canadian Dairy Commission	1,794	28,797	28,451	2,140
Federal Bridge Corporation Limited, The		5,000		5,000
Total	441,044	33,797	49,106	425,735

Contingent Liabilities of Consolidated Crown Corporations and Other Entities

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 4.4
Contingent Liabilities of Consolidated Crown Corporations and Other Entities
(in thousands of dollars)

	March 31/2013
Agent Crown corporations	
Atomic Energy of Canada Limited — Performance guarantees and liquidated damages	98,000
National Capital Commission — Remediation of contaminated sites	471,200
Non agent Crown corporations	
International Development Research Centre — Claims and pending and threatened litigation	117
Marine Atlantic Inc. — Claims and pending and threatened litigation	1,010
St. Lawrence Seaway Management Corporation — Claims and pending and threatened litigation	3,100
St. Lawrence Seaway Management Corporation — Letters of credit	653
VIA Rail Canada Inc. — Letters of credit	28,400
Total	602,480

Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts approved through a program expenditures vote; (b) amounts approved through an operating expenditures vote and (c) amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.5
Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations
for the year ended March 31, 2013
(in thousands of dollars)

	Program expenditures vote	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations ⁽¹⁾
Agent Crown corporations				
Atomic Energy of Canada Limited ⁽²⁾	551,843			551,843
Canadian Air Transport Security Authority	513,369			513,369
Canadian Broadcasting Corporation		999,484	107,035	1,106,519
Canadian Commercial Corporation	15,482			15,482
Canadian Dairy Commission	4,086			4,086
Canadian Museum for Human Rights	56,936			56,936
Canadian Museum of Civilization	64,365			64,365
Canadian Museum of Immigration at Pier 21	9,976			9,976
Canadian Museum of Nature	34,370			34,370
Canadian Tourism Commission	71,496			71,496
Enterprise Cape Breton Corporation	60,667			60,667
Federal Bridge Corporation Limited, The	127,240			127,240
National Capital Commission		77,217	31,617	108,834
National Gallery of Canada		40,831	8,000	48,831
National Museum of Science and Technology	31,517			31,517
Old Port of Montreal Corporation Inc.	18,880			18,880
Telefilm Canada	102,968			102,968
Total — Agent Crown corporations	1,663,195	1,117,532	146,652	2,927,379
Non agent Crown corporations				
Canada Council for the Arts	181,368			181,368
First Nations Statistical Institute	2,028			2,028
International Development Research Centre	156,223			156,223
Marine Atlantic Inc.	184,876			184,876
National Arts Centre Corporation	35,601			35,601
PPP Canada Inc.	287,450			287,450
Standards Council of Canada	10,319			10,319
VIA Rail Canada Inc.	419,958			419,958
Total — Non agent Crown corporations	1,277,823			1,277,823
Total	2,941,018	1,117,532	146,652	4,205,202

⁽¹⁾ Excludes grants and contributions paid to agent and non agent consolidated Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ The financial assistance under budgetary appropriations does not include an amount of \$132,685,000 received by Atomic Energy of Canada Limited for Decommissioning Funding. This amount has been presented as Other Revenues from Government, Crown corporations and other entities in table 4.2.

Consolidated Specified Purpose Accounts

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such description follows the same presentation order as the respective table.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report thereon, are presented at the end of this section.

Table 4.6
Consolidated Specified Purpose Accounts

	April 1/2012	Revenues and other credits		Expenses and other debits		March 31/2013
		External transactions	Internal transactions	External transactions	Internal transactions	
	\$	\$	\$	\$	\$	\$
Insurance accounts —						
Agriculture and Agri Food —						
Crop Reinsurance Fund	455,806,144	80,402,949		2,016,012	27,620,000	506,573,081
Less: interest-bearing loans	332,374,751				27,620,000	304,754,751
	123,431,393	80,402,949		2,016,012		201,818,330
Agricultural Commodities Stabilization Accounts	646,510					646,510
	124,077,903	80,402,949		2,016,012		202,464,840
Finance —						
Investors' Indemnity Account	45,303					45,303
Health —						
Health Insurance Supplementary Account ..	28,386					28,386
Human Resources and Skills Development —						
Employment Insurance Operating Account, Table 4.7	(7,948,150,836)	20,483,192,245	390,112,870	17,280,260,150	1,608,355,408	(5,963,461,279)
Natural Resources —						
Canadian Nuclear Safety Commission —						
Nuclear Liability Reinsurance Account ..	2,809,254	344,784				3,154,038
Transport —						
Ship Source Oil Pollution Fund	395,793,691	37,606	5,133,600	1,154,311	612,985	399,197,601
Total insurance accounts	(7,425,396,299)	20,563,977,584	395,246,470	17,283,430,473	1,608,968,393	(5,358,571,111)

Table 4.6
Consolidated Specified Purpose Accounts — *Concluded*

	Revenues and other credits			Expenses and other debits		March 31/2013
	April 1/2012	External transactions	Internal transactions	External transactions	Internal transactions	
	\$	\$	\$	\$	\$	
Other consolidated specified purpose accounts —						
Canadian Heritage —						
National Battlefields Commission —						
Trust Fund	651,497	60,656	5,997	1,067		717,083
Environment —						
Court Award Deposits —						
Other than Environmental						
Damages Fund	368,036	146,141		6,881		507,296
Environmental Damages Fund	2,679,309	579,644	127,684	852,337		2,534,300
Parks Canada Agency —						
New Parks and Historic Sites Account ..	11,360,124	882,396		1,669,921	910,082	9,662,517
	14,407,469	1,608,181	127,684	2,529,139	910,082	12,704,113
Finance —						
Canadian Commercial Bank and						
Northland Bank Holdback Account	246,223,464					246,223,464
Fisheries and Oceans —						
Supplementary Fish Fines Account	1,553,223	472,756		249,310		1,776,669
Indian Affairs and Northern Development —						
Cleanup costs for environmental damage						
caused by Bowater	2,597,250			313,143		2,284,107
Environmental Studies Research Fund	2,026,142		1,242,637		2,026,142	1,242,637
	4,623,392		1,242,637	313,143	2,026,142	3,526,744
Natural Resources —						
Environmental Studies Research Fund	2,804,201	1,151,042		483,342	11,744	3,460,157
Public Works and Government Services —						
Seized Property Proceeds Account	32,770,019	32,567,018		12,749,514		52,587,523
Transport —						
Fines for the Transportation of						
Dangerous Goods	626,056	30,000		2,000	37,900	616,156
Total other consolidated specified purpose accounts	303,659,321	35,889,653	1,376,318	16,327,515	2,985,868	321,611,909
Endowment principal —						
Environment —						
Parks Canada Agency —						
Mackenzie King trust account	225,000					225,000
Health —						
Canadian Institutes of Health Research —						
Endowments for Health Research	140,267					140,267
Industry —						
National Research Council of Canada —						
H.L. Holmes Fund	4,723,792	88,635				4,812,427
Social Sciences and Humanities						
Research Council —						
Queen's Fellowship Fund	250,000					250,000
	4,973,792	88,635				5,062,427
Total endowment principal	5,339,059	88,635				5,427,694
Total	(7,116,397,919)	20,599,955,872	396,622,788	17,299,757,988	1,611,954,261	(5,031,531,508)

Insurance Accounts

For the following Insurance Accounts, revenues and other credits from outside parties totalled \$20,872 million (\$18,663 million in 2012) while expenses and other debits to outside parties totalled \$17,326 million (\$17,975 million in 2012) and are reported as expenses in the Statement of Operations.

Revenues and other credits of \$395 million (\$507 million in 2012) and expenses and other debits of \$1,609 million (\$1,708 million in 2012) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero percent.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to \$50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Employment Insurance Operating Account

The *Employment Insurance Act* provides for a compulsory contributory employment insurance program applicable to all employees and employers, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the "Employment Insurance Operating Account".

The Act provides that the following be credited to the Account: (a) premiums, penalties and interest; (b) refunds of overpayments of benefits and support measures under Part II of the Act; (c) repayments of overpayments made by the Commission under the Labour Market Development Agreements; (d) amounts for services rendered to other Government departments or agencies, or to the public; and, (e) amounts provided for any purpose related to employment insurance and authorized by an appropriation administered by the Canada Employment Insurance Commission.

The Act also provides that the following be charged to the Account: (a) benefits, support measures and financial assistance provided under Part II of the Act; (b) contributions to provinces under the Labour Market Development Agreements; and, (c) costs of administering the Act including administration costs transferred to provinces and costs to the Canada Employment Insurance Financing Board which was dissolved on March 7, 2013 by issuance of an Order in Council by the Government.

Employee premium rate for each \$100 of insurable earnings was \$1.83 from January 1, 2012 to December 31, 2012 for employees without a Provincial Parental Insurance Plan and \$1.47 for the others. From January 1, 2013 to March 31, 2013, the rate was \$1.88 for employees without a Provincial Parental Insurance Plan and \$1.52 for the others.

Table 4.7 presents a statement of the transactions in the Employment Insurance Operating Account.

Table 4.7
Transactions in the Employment Insurance
Operating Account
(in millions of dollars)

	2012-2013	2011-2012
Revenues		
Premiums —		
Employers and employees ⁽¹⁾	20,796	18,938
Penalties and interest revenue	88	72
	20,884	19,010
Expenses		
Benefits	15,174	15,720
Transfers to the provinces — Part II	1,925	1,928
Administration costs	1,603	1,702
Administration cost transferred to provinces	189	206
Interest reversed	(3)	123
Bad debts		
	18,888	19,679
Net change before funding from the Government of Canada	1,996	(669)
Funding from the Government of Canada		
Benefit enhancement measures —		
Budget 2009	(11)	118
Net change	1,985	(551)
Balance at beginning of year	(7,948)	(7,397)
Balance at end of year	(5,963)	(7,948)

⁽¹⁾ The difference between premium revenues presented here and the amount presented in the Government of Canada consolidated financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of \$401 million (\$382 million in 2012).

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Ship-Source Oil Pollution Fund

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other Consolidated Specified Purpose Accounts

For the following Other Specified Purpose Accounts, revenues and other credits from outside parties of \$36 million (\$34 million in 2012) are reported while expenses and other debits to outside parties of \$16 million (\$33 million in 2012) are reported in the Statement of Operations.

Revenues and other credits of \$1 million (\$2 million in 2012), and expenses and other debits of \$3 million (\$10 million in 2012) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada for damages to the environment.

Court Award Deposits — Other than Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada that are not under the legal authority of the Environmental Damages Fund.

New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, and fined by courts under paragraph 79(2) (f) of the Act.

Environmental Studies Research Fund — Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Cleanup costs for environmental damage caused by Bowater

This account was established pursuant to a decision of the Commercial Division of the Superior Court in the Province of Quebec. The balance in the account is to be used to finance the remediation of environmental damage caused by Bowater Canadian Forest Products Inc. relative to a land lease issued by the Department of Indian Affairs and Northern Development.

Environmental Studies Research Fund — Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

Fines for the Transportation of Dangerous Goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations, to record fines levied by courts.

Endowment Principal

For the following Endowment Principal Accounts, revenues and other credits from outside parties of \$89,000 (\$93,000 in 2012) are reported in the Statement of Operations and Accumulated Deficit.

Mackenzie King trust account

The late The Right Hon W. I. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for Health Research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Supplementary Statement

Employment Insurance Operating Account

Management's Responsibility for Financial Statements

The financial statements of the Employment Insurance Operating Account are prepared in accordance with Canadian public sector accounting standards by the management of the Canada Employment Insurance Commission. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the external auditor of the Employment Insurance Operating Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment and Social Development.

The financial statements of the Employment Insurance Operating Account are an integral part of the *Public Accounts of Canada*, which are tabled in the House of Commons and are referred to the Standing Committee on Public Accounts for examination purposes.

Ian Shugart
Chairperson of the Canada
Employment Insurance Commission

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Human Resources and Skills
Development Canada

Gatineau, Canada
August 28, 2013

Employment Insurance Operating Account
— *Continued*

Independent Auditor's Report

To the Minister of Employment and Social Development

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2013, and the statement of operations and accumulated deficit, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Employment Insurance Operating Account as at 31 March 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael Ferguson, CPA, CA
FCA (New Brunswick)
Auditor General of Canada

28 August 2013
Ottawa, Canada

Employment Insurance Operating Account
— Continued

Statement of Financial Position
as at March 31
(in thousands of dollars)

	2013	2012
Financial assets		
Premiums receivable	1,465,060	1,345,019
Due from claimants (Note 4)	696,804	555,005
Amounts receivable from Canada — Benefit enhancement measures — Budget 2009 (Note 9)		291,648
	2,161,864	2,191,672
Liabilities		
Balance with Receiver General for Canada	7,476,191	9,454,820
Benefits payable	599,855	596,566
Amounts payable (Note 5)	49,279	88,496
	8,125,325	10,139,882
Net debt	(5,963,461)	(7,948,210)
Non-financial assets		
Advances — Employment benefits and support measures		59
Accumulated deficit	(5,963,461)	(7,948,151)

Contractual obligations (Note 13)

Contingent liabilities (Note 14)

The accompanying notes and schedules are an integral part of these financial statements.

Approved by:

Ian Shugart
Chairperson of the Canada
Employment Insurance Commission

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Human Resources and Skills Development Canada

Employment Insurance Operating Account

— Continued

Statement of Operations and Accumulated Deficit for the year ended March 31

(in thousands of dollars)

	2013	2013	2012
	Budget (Note 7)	Actual	Actual
Revenues			
Premiums (Note 8)	20,800,000	20,795,737	18,938,288
Penalties (Note 4)	53,000	59,140	49,683
Interest on overdue accounts receivable (Note 4)	22,000	27,553	20,897
	20,875,000	20,882,430	19,008,868
Expenses			
Benefits and support measures (Note 10 and Schedule 1)	18,437,000	17,099,106	17,647,651
Administration costs (Note 11)	1,685,000	1,791,070	1,906,773
Bad debts	41,000	(2,997)	122,919
	20,163,000	18,887,179	19,677,343
Net surplus (deficit) for the year before funding from the Government of Canada	712,000	1,995,251	(668,475)
Funding from the Government of Canada			
Benefit enhancement measures — Budget 2009 (Note 9)		(10,561)	117,719
Net surplus (deficit) for the year	712,000	1,984,690	(550,756)
Accumulated deficit at the beginning of the year	(7,948,151)	(7,948,151)	(7,397,395)
Accumulated deficit at the end of the year	(7,236,151)	(5,963,461)	(7,948,151)

The accompanying notes and schedules are an integral part of these financial statements.

Statement of Change in Net Debt for the year ended March 31

(in thousands of dollars)

	2013	2013	2012
	Budget (Note 7)	Actual	Actual
Net surplus (deficit) for the year	712,000	1,984,690	(550,756)
Change due to advances — Employment benefits and support measures		59	(37)
Decrease (increase) in net debt	712,000	1,984,749	(550,793)
Net debt at beginning of year	(7,948,210)	(7,948,210)	(7,397,417)
Net debt at end of year	(7,236,210)	(5,963,461)	(7,948,210)

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account
— *Continued*

Statement of Cash Flow
for the year ended March 31
(in thousands of dollars)

	2013	2012
Operating activities		
Cash receipts:		
Premiums	20,675,696	18,835,220
Recoveries of benefit overpayments and penalties	320,444	311,130
Benefit repayments received from higher income claimants	218,030	208,747
Funding from the Government of Canada —		
Benefit enhancement measures — Budget 2009	281,087	
	21,495,257	19,355,097
Cash payments:		
Benefits and support measures	(17,687,276)	(18,141,096)
Administration costs	(1,829,352)	(1,856,439)
	(19,516,628)	(19,997,535)
Net increase (decrease) in balance with Receiver General for Canada	1,978,629	(642,438)
Balance with Receiver General for Canada		
Beginning of year	(9,454,820)	(8,812,382)
End of year	(7,476,191)	(9,454,820)

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account
— Continued

Notes to the Financial Statements
for the year ended March 31, 2013

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account.

The Employment Insurance Operating Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Government of Canada to enter into Labour Market Development Agreements with each province and territory on the design and delivery of the active employment benefits and support measures contained in the Act. Agreements with full responsibility to the provinces and territories for delivering the active employment benefits and support measures have been implemented with all provinces and territories.

The Act also authorizes the Government of Canada to enter into a premium reduction agreement with a province, to allow for a regulatory scheme to make the necessary adjustments and modifications to the Act. This is required to harmonize it with a provincial law that has the effect of reducing or eliminating the special benefits payable under the Act.

Canada Employment Insurance Financing Board

The Canada Employment Insurance Financing Board (the Board) was a Crown corporation established by the *Canada Employment Insurance Financing Board Act* in June 2008. The Board was reporting to Parliament through the Minister of Human Resources and Skills Development.

The Board was created to improve the governance and management of Employment Insurance financing. Starting in 2011, the Board has been responsible for setting the Employment Insurance premium rate based on a new rate-setting mechanism.

On October 18, 2012, the Government of Canada tabled the *Jobs and Growth Act, 2012* (Bill C-45), an act to implement certain provisions of the federal budget which was tabled in Parliament on March 29, 2012. The legislation, which received Royal Assent on December 14, 2012, outlines the Government's intention to dissolve the Board. The dissolution occurred on March 7, 2013 by issuance of an Order in Council by the Government.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada. The financial statements of the Account are also presented in Volume I of the *Public Accounts of Canada*.

(a) Basis of accounting

The financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

(b) Revenue — Premiums

Premiums are recognized as revenue in the period in which they are earned. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not assessed based on cash received. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

(c) Funding from the Government of Canada — Benefit enhancement measures

The funding associated with the benefit enhancement measures included in the Budget 2009 is recognized in the period in which the benefit expenditures are incurred.

(d) Expenses — Benefits and support measures

Income benefits (or benefits under Part I of the Act) provide temporary income support to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefits represent the amounts paid and payable to claimants for the period relating to the financial year, less benefit overpayments established by the Commission during the year.

Employment Insurance Operating Account — Continued

Notes to the Financial Statements

for the year ended March 31, 2013 — Continued

Employment benefits and support measures (or benefits under Part II of the Act) provide financial assistance, through government transfers, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Government transfers are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement and the transfer is authorized. Overpayments established during the year are deducted from these expenses. Part II expenses also include the transfer payments to the provinces and territories under the Labour Market Development Agreements, pursuant to section 63 of the Act. Similar to the employment benefits and support measures, these transfer payments are recorded as expenditures in the year in which the provinces/territories met the eligibility criteria and the transfers are authorized. Overpayments from provinces and territories are recovered and recorded in reduction of expenses the following fiscal year.

Claimants with higher income levels than those stated in the Act have to repay benefits received. Estimated benefit repayments received or receivable from those claimants are deducted from benefits and support measures.

(e) Administration costs

The administration costs of the Act are based on a formula allocating the expenses between the Department of Human Resources and Skills Development and the Account. The expense allocation formula takes into consideration the source of funding, from the Account or from the Consolidated Revenue Fund. In addition, the administration costs incurred by the provinces and the territories to administer the Labour Market Development Agreements are included in the administration costs for the year based on provisions in the agreements.

(f) Balance with Receiver General for Canada

The Account operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by and credited to the Account is deposited to the CRF, and all cash disbursements made by and charged to the Account are paid from the CRF. The balance with Receiver General for Canada is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government.

The balance with Receiver General for Canada is reduced as the revenues exceed charges to the Account.

The balance with Receiver General for Canada also includes an amount relating to Unredeemed Warrants, which represents the warrants issued that are still outstanding at the end of the fiscal year. All amounts paid as or on account of benefits under the Act are paid by special warrants drawn on the Receiver General and issued by the Commission by electronic means or bearing the printed signature of the Chairperson and Vice-Chairperson of the Commission.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. The most significant estimates are related to premiums, administration costs, benefit repayments, allowances for doubtful accounts, benefit enhancement measures relating to work-sharing, estimated overpayments and underpayments of benefits disclosed in note 10, contingent liabilities and the amounts presented in Schedule II. Actual results could differ significantly from these estimates.

(h) Canada Employment Insurance Financing Board

The financial statements of the Employment Insurance Operating Account do not include the operations of the Canada Employment Insurance Financing Board. However, as per section 77(1) of the *Employment Insurance Act*, the costs to the Board of administering the *Canada Employment Insurance Financing Board Act* are paid out of the Consolidated Revenue Fund and charged to the Account. These charges are included in the administration costs of the Account.

3. Accounting change

The Account has prospectively applied the new PSAS 3410 — Government Transfers, which came into effect for periods beginning on or after April 1st, 2012. As a result of implementation, government advances are now recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient. This accounting change did not have a significant impact on these financial statements.

Employment Insurance Operating Account
— ContinuedNotes to the Financial Statements
for the year ended March 31, 2013 — Continued

4. Due from claimants

	2013	2012
	(in thousands of dollars)	
Benefit overpayments receivable . . .	569,071	523,051
Amount of penalties receivable . . .	137,879	138,711
	706,950	661,762
Less: allowance for doubtful accounts	335,301	432,269
	371,649	229,493
Estimated benefit repayments receivable from higher income claimants	325,155	325,512
	696,804	555,005

The Commission detects overpayments on claims processed during the current and preceding years. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established. During the year, overpayments totalling \$343 million were established (\$295 million in 2011 2012). Interest charges on overpayments totalled \$20 million (\$15 million in 2011 2012).

The Commission may impose penalties on a claimant or an employer when it becomes aware that information they have provided is false or misleading. The Act sets the maximum amounts that may be imposed in these cases. During the year, the Commission imposed penalties totalling \$59 million (\$50 million in 2011 2012). Interest charges on penalties totalled \$8 million (\$6 million in 2011 2012).

During 2012 2013, the Commission recovered \$279 million (\$271 million in 2011 2012) of benefit overpayments and \$42 million (\$40 million in 2011 2012) of penalties. Uncollectible benefit overpayments and penalties written off during the year amounted to \$94 million (\$62 million in 2011 2012).

The Commission establishes an allowance for doubtful accounts by aging the balance of the accounts receivable outstanding and by applying varying percentages based on past recovery experience to the aging categories so determined.

In accordance with Treasury Board regulations, the Account charges interest on outstanding employment insurance debts caused through misrepresentation.

5. Amounts payable

	2013	2012
	(in thousands of dollars)	
To Canada		
Administration costs	36,208	66,776
Tax deductions from warrants . . .	4,070	4,937
Recoupments from warrants	339	446
Amounts payable related to Labour Market Development Agreements	6,346	5,608
	46,963	77,767
To provinces		
Recoupments from warrants	1,515	1,424
Quebec tax deductions from warrants	801	852
Amounts payable related to Labour Market Development Agreements		8,453
	2,316	10,729
	49,279	88,496

6. Financial instruments

Fair value

The fair values of the premiums receivable, due from claimants, amounts receivable, benefits payable and amounts payable are considered by management to be comparable to their carrying values due to their short term to maturity. All of these financial instruments arose in the normal course of business.

7. Comparison of results against budget

The budget amounts included in the Statement of Operations and Accumulated Deficit and the Statement of Change in Net Debt are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada Report on Plans and Priorities for 2012 2013, tabled in Parliament in May 2012.

Employment Insurance Operating Account — Continued

Notes to the Financial Statements

for the year ended March 31, 2013 — Continued

8. Premiums

Premiums for the fiscal year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed. The estimate of premiums earned but not yet assessed or reassessed is based on cash amounts received at the time of preparation of the financial statements that relate to the fiscal year. These estimates are based on economic indicators such as employment and earnings growth. Actual premiums may differ from these estimates.

Actual premium revenue for calendar years 2012 and 2013 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known.

Employers with qualified wage loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees. For the calendar year 2012, the total amount of reductions is estimated at \$941 million (\$873 million in 2011). Actual reductions for the calendar year 2011 were \$905 million (\$859 million in 2010). Employees insured under a qualified wage loss insurance plan are entitled to allowances because of illness, injury, pregnancy or child care, depending on the plan. These allowances have the effect of reducing the special benefits payable by the Account to the insured persons.

For the calendar years 2011, 2012 and 2013, the premium rates were set by the Canada Employment Insurance Financing Board under section 66 of the *Employment Insurance Act*. Pursuant to section 66(8) of the Act, for the years 2011 and 2012, the Governor in Council, considering that it was in the public interest to do so, on the recommendation of the Minister of Human Resources and Skills Development and the Minister of Finance, changed the maximum percentage referred to in section 66(7) of the Act by which the premium rate may be increased or decreased from one year to the next. In 2012, the maximum percentage referred to in section 66(7) of the Act was modified through the *Jobs, Growth and Long-term Prosperity Act*. Consequently, for 2011, 2012 and 2013, the premium rates could not be increased by more than \$0.05 per \$100 of insurable earnings.

For the following calendar years, premium rates for each \$100 of insurable earnings were set at:

	2013	2012	2011
	(in dollars)		
Residents of provinces without a Provincial Plan			
For employees.....	1.88	1.83	1.78
For employers (calculated at 1.4 times the employee rate)...	2.63	2.56	2.49
Residents of provinces with a Provincial Plan			
For employees.....	1.52	1.47	1.41
For employers (calculated at 1.4 times the employee rate)...	2.13	2.06	1.97

The annual maximum insurable earnings for 2013 is \$47,400 (\$45,900 in 2012 and \$44,200 in 2011).

9. Benefit enhancement measures — Budget 2009

	2013	2012
	(in thousands of dollars)	
Increase in regular benefits duration —		
Extra five weeks.....	(926)	115,966
Employment Insurance Training Programs —		
Labour Market Development Agreements increased funding...	(9,863)	(22,478)
New measures for long-tenured workers —		
Career transition assistance.....	228	24,231
	(10,561)	117,719

The Budget 2009 included various temporary measures to support Canadian workers affected by the global economic downturn. The increase in the Regular Benefits Duration measure was implemented in March 2009. The other types of measures were implemented and began being paid to eligible claimants in 2009-2010. The cost of these enhancement measures is not funded from the Account. Pursuant to section 73.1 of the Act, an amount of \$2.9 billion has been recovered from the Government of Canada in August 2010. A final amount of \$292 million was recovered in March 2013 for the remaining balance of the Amount receivable, based on actual final cost of these measures. Over contributions from increased Labour Market Development Agreements funding for 2010-2011 and 2011-2012 were recovered from the provinces and territories during 2012-2013.

Employment Insurance Operating Account — Continued

Notes to the Financial Statements

for the year ended March 31, 2013— Continued

10. Estimated overpayments and underpayments of benefits

Given the large volume of claims and the need for prompt service, the Commission applies a risk based approach to its control procedures. The verification of claims is conducted both prior to and after claimants have begun to receive benefits, using a dynamic combination of up-front and automated control measures and post payment verification activities.

In order to measure the accuracy of benefit payments, the Commission has a program in place which establishes an annual payment accuracy rate and estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during the twelve months ended March 31, 2013, these undetected overpayments and underpayments are estimated to be \$748 million and \$176 million respectively (\$578 million and \$195 million for the twelve months ended March 31, 2012). The annual payment accuracy rate (which is comprised of three error sources: claimant, employer and administrative) and estimated value of errors are used by the Commission to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 4, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

11. Administration costs

	2013	2012
	(in thousands of dollars)	
Personnel related costs	947,866	1,125,611
Operations and maintenance	317,767	246,403
Administration costs incurred by provinces and territories under the Labour Market Development Agreements	189,025	205,856
Canada Revenue Agency administrative costs	208,708	201,591
Accommodation and rental costs	134,015	133,536
Canada Employment Insurance Financing Board	546	1,733
	1,797,927	1,914,730
Deduct: recovery of costs for maintaining the social insurance number registry and issuing replacement cards ...	6,857	7,957
	1,791,070	1,906,773

12. Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations under the same terms and conditions that apply to unrelated parties. The transactions are measured at the exchange amount.

Related party transactions disclosed in these financial statements include administration costs of \$134 million (\$134 million in 2011-2012) charged by Public Works and Government Services Canada for accommodation and rental costs, and \$209 million (\$202 million in 2011-2012) by the Canada Revenue Agency for collecting premiums from employers and employees and other related activities. These costs are charged to the Account based on memoranda of understanding with the Department of Human Resources and Skills Development.

Employment Insurance premiums include the employer's share of premiums paid by the federal government of \$401 million (\$382 million in 2011-2012).

Employment Insurance Operating Account — Continued

Notes to the Financial Statements
for the year ended March 31, 2013 — Concluded

13. Contractual obligations

The nature of the Account activities can result in some large multi-year agreements whereby the Account will be obligated to make future payments in order to carry out its transfer payment programs. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	2014	2015	2016	2017	2018 and thereafter	Total
	(in thousands of dollars)					
Labour Market Development Agreements	1,950,000					1,950,000
Other transfer payments	279,876	88,803				368,679
Total	2,229,876	88,803				2,318,679

14. Contingent liabilities

In the normal course of the operations of the Account, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account.

During 2011-2012, two Quebec Unions filed a claim with the Quebec Superior Court against Her Majesty the Queen contesting the constitutional validity of certain provisions of the *Jobs and Economic Growth Act* enacted in 2010 relating to amendments to the *Employment Insurance Act*. The Quebec Superior Court has dismissed the claim and the Unions successfully appealed that decision to the Quebec Court of Appeal. The Supreme Court of Canada has accepted to hear the appeal filed by the Attorney General of Canada of the decision of the Quebec Court of Appeal. A hearing is expected in late 2013 or early 2014. The outcome of this claim is not determinable at this time.

Also, during 2011-2012, a proposed class action was filed with the Federal Court seeking damages of \$450 million plus interest. Both representative plaintiffs allege that they were improperly denied sickness benefits for an illness, injury or disability suffered while on parental leave, despite an amendment in 2002 to the *Employment Insurance Act*. As well, both representative plaintiffs were diagnosed with serious illnesses immediately prior to giving birth or in the following months. Both were found eligible for 50 weeks of combined maternity and parental benefits but ineligible for sickness benefits during their parental leave as they were not otherwise available for work. A motion seeking the determination of a question of law will be heard by the Court in the fall of 2013. The outcome of this claim is not determinable at this time.

15. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Employment Insurance Operating Account
—ContinuedSchedule I — Benefits and Support Measures
for the year ended March 31
(in thousands of dollars)

	2013 Budget (Note 7)	2013 Actual	2012 Actual
Part I — Income benefits			
Regular	11,687,000	10,503,590	11,220,832
Fishing	275,000	262,870	266,102
Work sharing	27,000	25,601	33,501
	11,989,000	10,792,061	11,520,435
Special benefits			
Parental	2,333,000	2,269,492	2,195,160
Sickness	1,153,000	1,165,319	1,106,565
Maternity	988,000	974,490	936,616
Adoption		20,474	21,059
Compassionate care	12,000	11,286	10,898
Self employment		7,823	6,384
	4,486,000	4,448,884	4,276,682
	16,475,000	15,240,945	15,797,117
Part II — Employment benefits and support measures			
Employment benefits		(383)	(732)
Support measures			
Labour market partnerships		139,251	148,444
Research and innovation		11,525	6,320
	173,000	150,393	154,032
Transfer payments to provinces and territories related to Labour Market Development Agreements	1,950,000	1,925,441	1,927,632
	2,123,000	2,075,834	2,081,664
Benefits and support measures	18,598,000	17,316,779	17,878,781
Less: benefit repayments received or receivable from higher income claimants	161,000	217,673	231,130
	18,437,000	17,099,106	17,647,651

Benefit rates — Income benefits

From January to December 2012, benefits paid represent the lesser of 55 percent of average insurable earnings or \$485 per week (\$468 per week in 2011). In January 2013, the maximum payment was increased to \$501 per week. The benefit rate can be increased to a maximum of the lesser of 80 percent of average insurable earnings or \$501 per week as of January 1, 2013 (\$485 per week in 2012 and \$468 per week in 2011) for claimants who are in a low income family with children.

Employment Insurance Operating Account
—Concluded

Schedule II — Statement of Operations and Accumulated Deficit
for the period of January 1st to December 31st
(in thousands of dollars)

	2012	2011
Revenues		
Premiums	20,152,892	18,547,520
Penalties	59,182	52,084
Interest on overdue accounts receivable	20,633	11,276
	20,232,707	18,610,880
Expenses		
Benefits and support measures	15,410,925	16,078,776
Transfer to provinces and territories related to Labour Market Development Agreements	1,925,441	2,090,723
Administration costs	1,626,760	1,783,173
Administration costs transferred to provinces and territories	198,077	207,116
Bad debts	25,200	102,653
	19,186,403	20,262,441
Net surplus (deficit) for the period before funding from the Government of Canada	1,046,304	(1,651,561)
Funding from the Government of Canada —		
Benefit enhancement measures — Budget 2009	(11,452)	420,715
Net surplus (deficit) for the period	1,034,852	(1,230,846)
Accumulated deficit at the beginning of the period	(9,158,436)	(7,927,590)
Accumulated deficit at the end of the period	(8,123,584)	(9,158,436)

The information provided in this Schedule for calendar year 2012, which is prepared in accordance with Canadian public sector accounting standards, is used by the Government of Canada to establish the Employment Insurance premium rate for the following calendar year. The mechanism for setting the Employment Insurance premium rate is designed to ensure that revenues and expenditures break even over time.

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Section 5

2012-2013

Public Accounts of Canada

Accounts Payable and Accrued Liabilities

Table of contents

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Other accounts payable and accrued liabilities	5.3
Taxes payable	5.10
Environmental liabilities	5.11
Interest and matured debt	5.12
Allowance for guarantees	5.13

Accounts Payable and Accrued Liabilities

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Accounts Payable and Accrued Liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

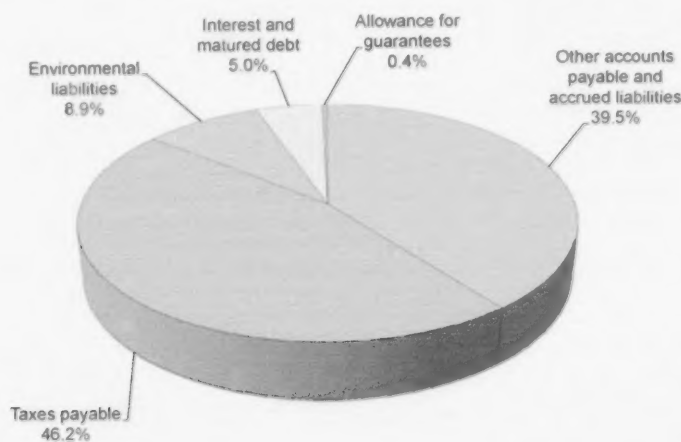
Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. Chart 5A presents accounts payable and accrued liabilities by category at March 31.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 5.1
Accounts Payable and Accrued Liabilities

	March 31/2013	March 31/2012
	\$	\$
Other accounts payable and accrued liabilities, Table 5.2	46,884,398,183	58,803,757,192
Taxes payable, Table 5.6	54,876,966,596	50,952,134,610
Environmental liabilities, Table 5.7	10,599,443,420	8,361,624,144
Interest and matured debt, Table 5.9	5,954,900,613	6,378,969,633
Allowance for guarantees	427,870,350	505,975,402
Total	118,743,579,162	125,002,460,981

Chart 5A
Accounts Payable and Accrued Liabilities by category at March 31, 2013



Other Accounts Payable and Accrued Liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial, territorial and

Aboriginal tax agreements account, miscellaneous payroll deductions, other accounts and deferred revenues.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.2
Other Accounts Payable and Accrued Liabilities

	March 31/2013	March 31/2012
	\$	\$
Accounts payable	35,082,228,443	38,387,645,539
Add: consolidation adjustment ⁽¹⁾	2,525,011,883	2,832,437,390
	37,607,240,326	41,220,082,929
Accrued salaries and benefits	2,725,565,083	3,225,668,693
Notes payable to international organizations, Table 5.3	469,236,058	471,283,025
Provincial, territorial and Aboriginal tax agreements account, Table 5.4	2,180,362,723	9,310,026,971
Miscellaneous payroll deductions	34,375,694	14,895,945
Other	547,054,017	668,839,290
Deferred revenues, Table 5.5	3,320,564,282	3,892,960,339
Total	46,884,398,183	58,803,757,192

⁽¹⁾ Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro active salaries.

Notes Payable to International Organizations

Share capital subscriptions, loans and advances are made to international organizations using cash and/or notes payable that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.13 (Section 9 of this volume).

Table 5.3 presents the balances and transactions for the individual notes.

Table 5.3
Notes Payable to International Organizations

	April 1/2012	Receipts and other credits		Payments and other charges		March 31/2013
		Note issuances	Revaluation ⁽¹⁾	Note encashment	Revaluation ⁽¹⁾	
	\$	\$	\$	\$	\$	\$
Finance —						
International Bank for Reconstruction and Development (World Bank)	23,922,915	443,683				24,366,598
International Development Association	441,620,000	441,610,000		441,620,000		441,610,000
Multilateral Investment Guarantee Agency	3,200,110		59,350			3,259,460
	468,743,025	442,053,683	59,350	441,620,000		469,236,058
Foreign Affairs and International Trade —						
Canadian International Development Agency —						
International financial institution —						
Global Environment Facility Trust Fund	2,540,000			2,540,000		
Total	471,283,025	442,053,683	59,350	444,160,000		469,236,058

⁽¹⁾ Notes denominated in foreign currencies are translated into Canadian dollars at the year end closing rate of exchange.

Provincial, Territorial and Aboriginal Tax Agreements Account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and Aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal-Provincial Fiscal Arrangements Act* and, in the case of First Nations Goods and Services Tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer individual income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to pay amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain Aboriginal governments, to collect First Nations Personal Income Tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal Goods and Services Tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada, has entered into with the provinces of British Columbia, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador regarding the harmonized sales tax, and payments made to those provinces in accordance with the agreements.

The *Public Accounts of Canada* reports information on an April to March fiscal year basis, while tax information is calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years. Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for personal and corporate taxes as well as for First Nations Sales Tax, First Nations Goods and Services Tax, First Nations Personal Income Tax and Harmonized Sales Tax.

Table 5.4
Provincial, Territorial and Aboriginal Tax Agreements Account

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Total Personal Income Tax administered by				
Canada Revenue Agency	3,700,037,375	54,334,219,332		58,034,256,707
Less: payments to provinces and territories				
Newfoundland and Labrador			1,158,505,974	1,158,505,974
Prince Edward Island			300,852,813	300,852,813
Nova Scotia			2,159,801,072	2,159,801,072
New Brunswick			1,224,037,527	1,224,037,527
Ontario			29,161,164,816	29,161,164,816
Manitoba			2,701,296,636	2,701,296,636
Saskatchewan			2,366,849,265	2,366,849,265
Alberta			9,499,707,960	9,499,707,960
British Columbia			6,828,181,163	6,828,181,163
Yukon			72,120,562	72,120,562
Northwest Territories			81,207,047	81,207,047
Nunavut			27,275,322	27,275,322
First Nations			16,588,908	16,588,908
			55,597,589,065	55,597,589,065
Total personal income tax on hand	3,700,037,375	54,334,219,332	55,597,589,065	2,436,667,642

Table 5.4

Provincial, Territorial and Aboriginal Tax Agreements Account — Concluded

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Total Corporate Income Tax administered by				
Canada Revenue Agency	6,199,306,574	11,487,912,128		17,687,218,702
Less: payments to provinces and territories —				
Newfoundland and Labrador			741,178,193	741,178,193
Prince Edward Island			55,385,928	55,385,928
Nova Scotia			354,901,496	354,901,496
New Brunswick			208,945,963	208,945,963
Ontario			10,654,534,624	10,654,534,624
Quebec			59,379,821	59,379,821
Manitoba			462,857,430	462,857,430
Saskatchewan			763,432,370	763,432,370
Alberta			54,906,589	54,906,589
British Columbia			1,629,866,738	1,629,866,738
Yukon			27,885,804	27,885,804
Northwest Territories			100,709,747	100,709,747
Nunavut			10,333,748	10,333,748
			15,124,318,451	15,124,318,451
Total corporate income tax on hand	6,199,306,574	11,487,912,128	15,124,318,451	2,562,900,251
Total Harmonized Sales Tax administered by				
Canada Revenue Agency	(589,316,978)	28,901,138,841		28,311,821,863
Less: payments to provinces and territories —				
Newfoundland and Labrador			950,293,516	950,293,516
Nova Scotia			1,870,758,399	1,870,758,399
New Brunswick			1,150,323,343	1,150,323,343
Ontario			21,098,204,221	21,098,204,221
British Columbia			6,061,447,554	6,061,447,554
			31,131,027,033	31,131,027,033
Total harmonized sales tax on hand	(589,316,978)	28,901,138,841	31,131,027,033	(2,819,205,170)
Total First Nations Sales Tax administered by				
Canada Revenue Agency		6,233,452		6,233,452
Less: payments to First Nations			6,233,452	6,233,452
Total First Nations Sales Tax on hand		6,233,452	6,233,452	
Total First Nations Goods and Services Sales Tax administered by Canada Revenue Agency		16,107,169		16,107,169
Less: payments to First Nations			16,107,169	16,107,169
Total First Nations Goods and Services Sales Tax on hand		16,107,169	16,107,169	
Total	9,310,026,971	94,745,610,922	101,875,275,170	2,180,362,723

Miscellaneous payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Deferred Revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years. The major deferred revenues

of \$50 million or more are reported individually. It also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

Table 5.5
Deferred Revenues

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Deferred revenues —				
Citizenship and Immigration —				
Service fees for immigration and citizenship	257,175,925	444,249,703	448,411,072	253,014,556
Industry —				
Spectrum licence fees and other fees	3,282,237,824	388,391,694	857,413,891	2,813,215,627
Public Safety and Emergency Preparedness —				
Royal Canadian Mounted Police —				
Provincial arrangement on capital assets	137,009,150	16,498,235	136,947,050	16,560,335
Other deferred revenues	181,690,780	292,949,443	270,373,283	204,266,940
Total	3,858,113,679	1,142,089,075	1,713,145,296	3,287,057,458
Other deferred revenues — Specified purpose accounts —				
Donation and bequest accounts —				
Agriculture and Agri Food —				
Shared-cost agreements — Research	13,101,623	6,418,432	5,536,852	13,983,203
Canadian Heritage —				
Library and Archives of Canada —				
Special operating account	693,896	3,703	552,291	145,308
Environment —				
Endangered species — Donations	145,354	701		146,055
Miscellaneous projects deposits	5,826,511	7,536,384	6,997,310	6,365,585
	5,971,865	7,537,085	6,997,310	6,511,640
Parks Canada Agency —				
Pacific Rim Mitigation Fund	1,500,000		125,000	1,375,000
	7,471,865	7,537,085	7,122,310	7,886,640
Fisheries and Oceans —				
Restricted donations	17,251		11,075	6,176
Governor General —				
Donations — Rideau Hall	140,287	1,500	16,787	125,000
Shared-cost agreements — Awards	1,500		1,500	
	141,787	1,500	18,287	125,000
Health —				
Canadian Institutes of Health Research —				
Donations for research	6,341,498	13,611,579	16,008,919	3,944,158
Human Resources and Skills Development —				
Canadian Centre for Occupational Health and Safety —				
Donations	99,307	7,095		106,402
Indian Affairs and Northern Development —				
Indian Residential Schools Truth and				
Reconciliation Commission —				
National Events — Donations	168,040	621,834	542,421	247,453
Industry —				
Prime Minister's Awards and other deposits	4,640,080	2,355,513	1,835,692	5,159,901
Canadian Space Agency —				
RADARSAT 2	8,596			8,596
RADARSAT 2 — Data satellite	66,969	1,483,142	1,550,111	
	75,565	1,483,142	1,550,111	8,596
Natural Sciences and Engineering Research Council —				
Trust fund	250			250
Social Sciences and Humanities Research Council —				
Trust fund	385,235	2,060		387,295
	5,101,130	3,840,715	3,385,803	5,556,042
National Defence —				
Corporate sponsorships and donations	16,999	93,375	85,882	24,492

Table 5.5
Deferred Revenues — *Concluded*

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Public Safety and Emergency Preparedness —				
Royal Canadian Mounted Police —				
Mounted Police Foundation	341,514		35,752	305,762
Royal Canadian Mounted Police Pipe Band (NCR)	9,714			9,714
Sponsorship Agreement — Contributions	168,653			168,653
	519,881		35,752	484,129
Veterans Affairs —				
Restricted donations —				
Canadian Memorial	800			800
Wounded Warrior Fund	96,190	17,000	23,631	89,559
	96,990	17,000	23,631	90,359
Total — Donation and bequest accounts	33,770,267	32,152,318	33,323,223	32,599,362
Endowment interest accounts —				
Environment —				
Parks Canada Agency —				
Laurier House — Interest				
(Mackenzie King trust account)		5,085	5,085	
Health —				
Canadian Institutes of Health Research —				
Endowments for health research	7,619	1,120		8,739
Industry —				
National Research Council of Canada —				
H.L. Holmes Fund		108,227	108,227	
Social Sciences and Humanities Research Council —				
Queen's Fellowship Fund	111,196	3,153		114,349
	111,196	111,380	108,227	114,349
Transport —				
Shared cost agreements — Transportation				
research and development	957,578	639,391	812,595	784,374
Total — Endowment interest accounts	1,076,393	756,976	925,907	907,462
Total — Other deferred revenues — Specified purpose accounts ..	34,846,660	32,909,294	34,249,130	33,506,824
Total — Deferred revenues	3,892,960,339	1,174,998,369	1,747,394,426	3,320,564,282

Service fees for immigration and citizenship

This account was established to record fees and rights derived from the *Citizenship Act* and Regulations and the *Immigration and Refugees Protection Act* and Regulations. Fees are deferred until the application is deemed processed, while rights (right of citizenship and right of permanent residence) are deferred until the right is granted.

Spectrum licence fees and other fees

This account was established to record, (a) funds received from Spectrum Auctions, which are recognized as revenues over the period of the licences; (b) funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year; and, (c) funds received from other sources such as patents and trademarks examination and registration fees, Bankruptcy Trustee Licence Fees and Competition Bureau Pre Merger Fees, which are recognized as revenue in the subsequent year.

Provincial arrangement on capital assets

This account was established to record revenues received by the Royal Canadian Mounted Police in advance of the construction, purchase and maintenance of buildings pursuant to the contract policing arrangements. The revenue is recognized when costs for the construction, purchase and maintenance of buildings are incurred.

Shared-cost agreements — Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by Agriculture and Agri Food Canada as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Special operating account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

Endangered species — Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

Miscellaneous projects deposits

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

Pacific Rim Mitigation Fund

This account was established to record funds received for the protection of lands within the Pacific Rim National Park Reserve of Canada. Funds so received are used to monitor community use impacts, carry out related research and implement required mitigation measures.

Restricted donations — Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

Donations — Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

Shared-cost agreements — Awards

This account was established to record amounts deposited by external parties for shared cost projects.

Donations for research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

Donations

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

National Events — Donations

This account was established to record donations received from individuals and organizations to be used for National Events expenses.

Prime Minister's Awards and other deposits

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence and amounts deposited by customers to be used for payments of services provided by Industry Canada.

RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

RADARSAT-2 — Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

Trust fund — Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations to cover expenses made on their behalf.

Trust fund — Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

Royal Canadian Mounted Police Pipe Band (NCR)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

Sponsorship Agreement — Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Restricted donations — Canadian Memorial

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

Restricted donations — Wounded Warrior Fund

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

Laurier House — Interest (Mackenzie King trust account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Shared-cost agreements — Transportation research and development

This account was established to record, on a temporary basis, (a) funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and, (b) funds received from private sector and provincial governments to directly support the departmental strategic objectives.

Taxes Payable

Taxes payable include amounts payable to taxpayers based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

Table 5.6
Taxes Payable

	March 31/2013	March 31/2012
	\$	\$
Personal and non-resident income tax	32,276,842,666	30,503,881,975
Corporate income tax	11,512,692,731	9,860,975,708
Goods and services tax	11,028,436,136	10,535,003,097
Customs and excise	58,995,063	52,273,830
Total	54,876,966,596	50,952,134,610

Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other with holders of personal income tax. This account also includes any interest owing on the balances.

Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

Environmental Liabilities

Environmental liabilities include the estimated costs related to the remediation of contaminated sites and to the future restoration of certain tangible capital assets where the Government is obligated, or likely obligated to incur such costs.

The Government has identified approximately 2,300 contaminated sites and 8 out of a total of 50 unexploded explosive ordnance (UXO) affected sites (2,400 contaminated sites and 10 out of a total of 43 UXO affected sites in 2012) for which it is likely obligated to remediate. Continued assessment work will lead to a more accurate cost estimate of the identified sites.

The contingent liabilities associated with the contaminated sites and UXO affected sites are disclosed in Section 11 of this volume.

Table 5.7 presents the liability balances of the custodian departments and Crown corporations for remediation liabilities for contaminated sites and asset restoration liabilities for UXO affected sites, nuclear facility decommissioning and certain electronic equipment.

Table 5.7
Environmental Liabilities

	March 31/2013	March 31/2012
	\$	\$
Remediation of contaminated sites —		
Agriculture and Agri-Food	856,349	1,193,853
Canada Border Services Agency	2,295,800	2,420,800
Correctional Service of Canada	3,697,562	5,640,983
Environment	120,803,919	107,567,920
Fisheries and Oceans	94,450,638	102,125,797
Health	170,255	167,037
Indian Affairs and Northern Development	2,530,833,152	2,370,969,519
National Defence	407,148,644	425,054,380
National Research Council of Canada	197,000	636,995
Natural Resources	1,035,415,073	1,085,010,484
Parks Canada Agency	20,703,590	17,343,094
Public Works and Government Services	251,710,716	281,612,052
Royal Canadian Mounted Police	3,937,539	2,167,917
Transport	180,760,825	156,065,875
	4,652,981,062	4,557,976,706
Consolidated Crown corporations and other entities —		
Canadian Broadcasting Corporation	260,000	300,000
Enterprise Cape Breton Corporation	176,213,000	143,768,000
Federal Bridge Corporation Limited, The		
The Jacques Cartier and Champlain Bridges Incorporated	33,200,000	28,100,000
Marine Atlantic Inc.	170,000	73,000
National Capital Commission	27,643,000	42,500,000
VIA Rail Canada Inc.	900,000	185,000
	238,386,000	214,926,000
Total remediation of contaminated sites	4,891,367,062	4,772,902,706
Future asset restoration —		
National Defence (unexploded explosive ordnance affected sites)	3,044,483	3,756,974
Others	534,875	519,464
	3,579,358	4,276,438
Consolidated Crown corporations and other entities —		
Atomic Energy of Canada Limited (nuclear facility decommissioning)	5,687,818,000	3,566,256,000
Others	16,679,000	18,189,000
	5,704,497,000	3,584,445,000
Total future asset restoration	5,708,076,358	3,588,721,438
Total environmental liabilities	10,599,443,420	8,361,624,144

Changes in Liability for Remediation of Contaminated Sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing environmental liabilities previously recorded, the government spent another \$17,630,161 (\$31,359,698 in 2012) as management and remediation costs on its contaminated sites when these costs became known in the year.

Table 5.8
Changes in Liability for Remediation of Contaminated Sites

	March 31/2013	March 31/2012
	\$	\$
Opening balance	4,772,902,706	4,354,071,472
Less: Expenditures reducing opening liabilities	321,125,978	274,260,194
Add: Changes in estimated remediation costs	405,866,323	172,542,359
New liability for sites not previously recorded	33,724,011	520,549,069
Closing balance	4,891,367,062	4,772,902,706

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.9
Interest and Matured Debt

	March 31/2013	March 31/2012
	\$	\$
Interest due	1,338,263,760	1,650,045,828
Interest accrued	4,317,850,928	4,488,488,205
Matured debt	298,785,925	240,435,600
Total	5,954,900,613	6,378,969,633

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

Allowance for Guarantees

This category of accounts payable and accrued liabilities includes the allowance for guarantees provided by the Government. An allowance is recorded for guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated. As at March 31, 2013, the allowance for guarantees is \$428 million (\$506 million in 2012).

Additional information relating to guarantees can be found in Note 17 — Contingent Liabilities in Section 2 and in Table 11.5 in Section 11 of this volume. In addition, Table 9.6 in Section 9 includes details on the borrowings of agent and non-agent enterprise Crown corporations and other government business enterprises. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government. In contrast, borrowings of non-agent enterprise Crown corporations and other government business enterprises may, at times, be guaranteed by the Government.

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Section 6

2012-2013

Public Account of Canada

Interest-Bearing Debt

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Interest-Bearing Debt

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pensions, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

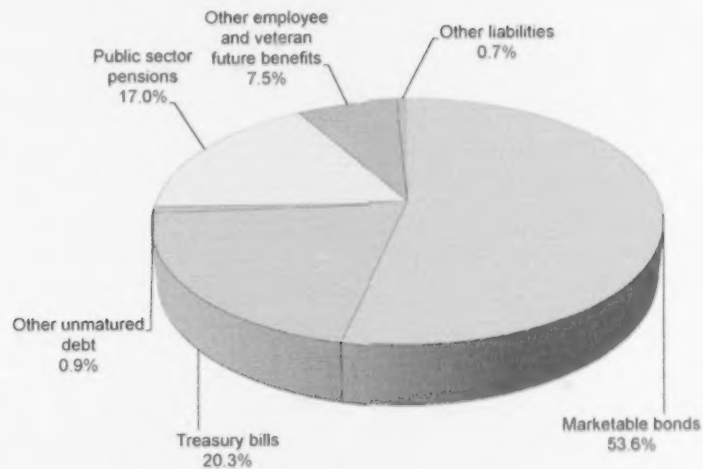
Table 6.1
Interest-Bearing Debt

	April 1/2012 Restated ⁽¹⁾ \$	Receipts and other credits \$	Payments and other charges \$	March 31/2013 \$
Unmatured debt ⁽²⁾				
Payable in Canadian currency —				
Marketable bonds, Table 6.2	448,140,206,771	125,667,640,700	104,768,916,000	469,038,931,471
Treasury bills, Table 6.3	163,220,895,000	451,267,918,000	433,800,000,000	180,688,813,000
Retail debt, Table 6.4	8,921,996,079	1,718,799,395	3,160,093,048	7,480,702,426
Bonds for Canada Pension Plan, Table 6.5	11,118,000		11,118,000	
	620,294,215,850	578,654,358,095	541,740,127,048	657,208,446,897
Payable in foreign currencies —				
Marketable bonds, Table 6.2	8,644,412,858	113,400,686	58,323,702	8,699,489,842
Canada bills, Table 6.6	2,070,860,873	7,668,133,093	7,636,380,950	2,102,613,016
	10,715,273,731	7,781,533,779	7,694,704,652	10,802,102,858
Total — Marketable debt	631,009,489,581	586,435,891,874	549,434,831,700	668,010,549,755
Cross currency swap revaluation	(4,447,854,436)		(1,029,293,569)	(3,418,560,867)
Unamortized discounts and premiums on market debt, Table 6.7	(4,295,563,032)	6,083,000,583	3,943,809,096	(2,156,371,545)
Obligation related to capital leases, Table 6.12	3,633,342,265	335,846,156	322,568,633	3,646,619,788
Other unmatured debt	452,888,800	464,526,262		917,415,062
Total — Unmatured debt	626,352,303,178	593,319,264,875	552,671,915,860	666,999,652,193
Pensions, other future benefits and other liabilities —				
Public sector pensions, Table 6.15	148,910,979,316	18,935,532,936	16,178,890,539	151,667,621,713
Other employee and veteran future benefits, Table 6.28	61,915,000,000	10,774,000,000	5,388,000,000	67,301,000,000
Other liabilities —				
Due to Canada Pension Plan, Table 6.29	137,708,803	63,566,276,993	63,635,678,632	68,307,164
Government Annuities Account	201,610,590	13,063,668	31,565,892	183,108,366
Deposit and trust accounts, Table 6.30	2,744,802,403	4,849,642,905	5,699,176,899	1,895,268,409
Other specified purpose accounts, Table 6.33	3,848,706,375	2,868,988,034	2,818,224,341	3,899,470,068
	6,932,828,171	71,297,971,600	72,184,645,764	6,046,154,007
Total — Pensions, other future benefits and other liabilities	217,758,807,487	101,007,504,536	93,751,536,303	225,014,775,720
Total	844,111,110,665	694,326,769,411	646,423,452,163	892,014,427,913

⁽¹⁾ Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

⁽²⁾ This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

Chart 6A
Interest-Bearing Debt by Category at March 31, 2013



Unmatured Debt

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and other unamatured debt.

The Government's holdings of its own securities have been deducted from unamatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2013.

Public Accounts of Canada, 2012-2013

Table 6.2

Marketable Bonds

	April 1/2012	Receipts and other credits ⁽¹⁾	Payments and other charges ⁽¹⁾	March 31/2013
	\$	\$	\$	\$
Payable in Canadian currency —				
Matured 2012-2013	54,060,554,000		54,060,554,000	
Maturing 2013-2014	72,225,114,000		14,715,994,000	57,509,120,000
2014-2015	66,685,669,000	23,100,000,000	1,608,767,000	88,176,902,000
2015-2016	30,941,559,000	26,700,000,000		57,641,559,000
2016-2017	41,057,400,000			41,057,400,000
2017-2018	10,342,526,000	20,400,000,000		30,742,526,000
2018-2019	10,622,764,000			10,622,764,000
2019-2020	17,650,000,000			17,650,000,000
2020-2021	13,667,361,000			13,667,361,000
2021-2022	19,303,768,677	38,178,467		19,341,947,144
2022-2023	7,706,022,000	5,200,000,000		12,906,022,000
2023-2024	2,498,552,000	8,400,000,000	140,000,000	10,758,552,000
2025-2026	2,668,756,000		246,300,000	2,422,456,000
2026-2027	7,214,178,143	36,637,620		7,250,815,763
2027-2028	4,728,822,000		298,647,000	4,430,175,000
2029-2030	12,408,469,000		536,934,000	11,871,535,000
2031-2032	7,659,743,633	38,900,450		7,698,644,083
2033-2034	13,272,295,000		269,390,000	13,002,905,000
2036-2037	6,854,934,185	34,813,179		6,889,747,364
2037-2038	13,999,089,000		48,233,000	13,950,856,000
2041-2042	22,907,445,431	36,095,571		22,943,541,002
2044-2045	4,593,503,702	2,331,744,413		6,925,248,115
2045-2046	4,700,000,000	6,700,000,000		11,400,000,000
	447,768,525,771	93,016,369,700	71,924,819,000	468,860,076,471
Less:				
Government's holdings ⁽²⁾		(32,629,197,000)	(32,844,097,000)	214,900,000
Consolidation adjustment ⁽³⁾	(371,681,000)	(22,074,000)		(393,755,000)
	(371,681,000)	(32,651,271,000)	(32,844,097,000)	(178,855,000)
Total marketable bonds payable in Canadian currency	448,140,206,771	125,667,640,700	104,768,916,000	469,038,931,471
Payable in foreign currencies —				
Maturing 2014-2015	2,992,500,000	55,500,000		3,048,000,000
2016-2017	3,025,660,890	56,115,014		3,081,775,904
2018-2019	16,039,800	297,480		16,337,280
2019-2020	2,664,291,250	64,750	56,000,000	2,608,356,000
	8,698,491,940	111,977,244	56,000,000	8,754,469,184
Less: Government's holdings and securities held for the retirement of unmatured debt ⁽⁴⁾	54,079,082	1,423,442	2,323,702	54,979,342
Total marketable bonds payable in foreign currencies	8,644,412,858	113,400,686	58,323,702	8,699,489,842
Total	456,784,619,629	125,781,041,386	104,827,239,702	477,738,421,313

⁽¹⁾ These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

⁽²⁾ Represents securities held for cancellation.

⁽³⁾ Includes \$32 million of securities held by consolidated Crown corporations and other entities and \$426 million of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

⁽⁴⁾ These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

Treasury Bills

Treasury bills are short term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and,
- bought and sold on the open market.

The balance at March 31, 2013 consists of \$10,400 million in odd issue bills; \$54,500 million in three month bills; \$36,000 million in six month bills; and, \$79,800 million in 364 day bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

Table 6.3
Treasury Bills

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Three month bills.....	49,400,000,000	213,400,000,000	208,300,000,000	54,500,000,000
Six month bills.....	32,500,000,000	79,800,000,000	76,300,000,000	36,000,000,000
Other bills.....	81,500,000,000	157,900,000,000	149,200,000,000	90,200,000,000
	163,400,000,000	451,100,000,000	433,800,000,000	180,700,000,000
Less: Government's holdings — Consolidation adjustment ⁽¹⁾	179,105,000	167,918,000		11,187,000
Total.....	163,220,895,000	451,267,918,000	433,800,000,000	180,688,813,000

⁽¹⁾ Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume.

Retail Debt

Retail debt includes Canada Savings Bonds and Canada Premium Bonds which are interest bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of seven years or more;

— Canada Savings Bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and,

— Canada Premium Bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada Savings Bonds and Canada Premium Bonds.

Table 6.4
Retail Debt

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Canada Savings Bonds				
Matured 2012-2013	202,561,274		202,561,274	
Maturing 2013-2014 ⁽¹⁾	282,664,240		40,339,563	242,324,677
2014-2015 ⁽²⁾	372,726,558		55,270,424	317,456,134
2015-2016 ⁽³⁾	359,801,858	602,716,119	122,605,544	839,972,433
2016-2017 ⁽⁴⁾	486,613,991		75,412,009	411,201,982
2017-2018 ⁽⁵⁾	866,565,106		146,206,875	720,358,231
2018-2019 ⁽⁶⁾	985,208,907		188,741,324	796,467,583
2019-2020 ⁽⁷⁾	526,628,083		128,551,082	398,077,001
2020-2021 ⁽⁸⁾	699,322,996	8	247,758,491	451,564,513
2021-2022	605,369,454	884,474,746	813,237,694	676,606,506
	5,387,522,467	1,487,190,873	2,020,684,280	4,854,029,060
Canada Premium Bonds				
Matured 2012-2013	823,656,762		823,656,762	
Maturing 2013-2014	680,035,947		63,884,328	616,151,619
2014-2015	204,623,241	2,404	16,237,989	188,387,656
2015-2016	144,091,898	231,605,128	19,927,984	355,769,042
2016-2017	139,948,877		10,699,967	129,248,910
2017-2018	124,105,078		9,942,534	114,162,544
2018-2019 ⁽⁶⁾	654,111,061	400	99,264,331	554,847,130
2019-2020 ⁽⁷⁾	386,593,912		70,796,079	315,797,833
2020-2021 ⁽⁸⁾	199,877,443	93	13,968,550	185,908,986
2021-2022	177,429,393	497	11,030,244	166,399,646
	3,534,473,612	231,608,522	1,139,408,768	2,626,673,366
Total	8,921,996,079	1,718,799,395	3,160,093,048	7,480,702,426

(1) Ten years maturity extension to CSB Series 46 until November 1, 2013.

(2) Ten years maturity extension to CSB Series 47 until November 1, 2014.

(3) Ten years maturity extension to CSB Series 48 until November 1, 2015.

(4) Ten years maturity extension to CSB Series 49 until November 1, 2016.

(5) Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.

(6) Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.

(7) Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.

(8) Ten years maturity extension to CSB Series 65 and CPB Series 14.

Bonds for Canada Pension Plan

Bonds for Canada Pension Plan are interest bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan (CPP) Investment Board and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi annually; and,
- redeemable at face value plus accrued interest.

Table 6.5 presents a summary of the balances and transactions for these bonds.

Table 6.5
Bonds for Canada Pension Plan

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Matured 2012-2013	11,118,000		11,118,000	
Total	11,118,000		11,118,000	

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and,
- bought and sold on the open market.

The year end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2013.

Table 6.6 presents a summary of Canada bill issues and redemptions.

Table 6.6
Canada Bills

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Canada bills before revaluation	2,045,635,035	7,646,279,429	7,636,380,950	2,055,533,514
Exchange valuation adjustment	25,225,838	21,853,664		47,079,502
Total	2,070,860,873	7,668,133,093	7,636,380,950	2,102,613,016

Cross-currency Swap Revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps.

Unamortized Discounts and Premiums on Market Debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and,
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.7 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

Table 6.7

Unamortized Discounts and Premiums on Market Debt

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Unamortized discounts on Canada Bills	(347,890)	2,707,022	3,069,595	(710,463)
Unamortized discounts on Treasury Bills	(511,679,830)	1,759,266,975	1,836,776,421	(589,189,276)
Unamortized discounts and premiums on marketable bonds	(3,783,535,312)	4,321,026,586	2,103,963,080	(1,566,471,806)
Total	(4,295,563,032)	6,083,000,583	3,943,809,096	(2,156,371,545)

Interest Rates

Table 6.8 sets out market debt as at March 31, for each of the years 2008-2009 to 2012-2013 inclusively, with the average rate of interest thereon. For purposes of comparison, market

debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for Canada Pension Plan, Canada bills and Foreign currency notes.

Table 6.8

Market Debt as at March 31, from 2009 to 2013, with the Average Rate of Interest Thereon

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Foreign currency notes		Total market debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
2013	477,380	3.03	180,689	1.03	7,481	0.76			2,103	0.13			667,653	2.45
2012	456,784	3.30	163,221	0.99	8,922	0.81	11	9.37	2,071	0.07			631,009	2.65
2011	421,736	3.55	162,980	1.12	10,141	1.10	27	9.69	1,972	0.15			596,856	2.83
2010	373,752	3.85	175,849	0.40	11,855	1.32	452	11.19	2,453	0.13			564,361	2.71
2009	295,184	4.53	192,275	1.34	12,532	2.32	523	11.03	8,707	0.64	1,676	4.50	510,897	3.21

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2008-2009 to 2012-2013 inclusively.

Table 6.9

Treasury Bills Average Yields at Tender

	High	Low	Last issue
Year ended March 31	%	%	%
Three-month bills —			
2013	1.04	0.89	0.98
2012	0.98	0.82	0.93
2011	1.01	0.29	0.92
2010	0.42	0.17	0.23
2009	2.83	0.46	0.46
Six-month bills —			
2013	1.12	0.94	1.01
2012	1.14	0.88	1.02
2011	1.17	0.47	1.08
2010	0.52	0.26	0.35
2009	3.09	0.56	0.56
364 days bills —			
2013	1.26	0.96	1.04
2012	1.47	0.85	1.10
2011	1.46	0.95	1.34
2010	0.77	0.46	0.77
2009	3.30	0.68	0.68
Other bills —			
2013	1.07	0.93	0.98
2012	1.00	0.82	0.97
2011	0.99	0.17	0.97
2010	0.25	0.18	0.24
2009	3.39	0.84	0.84

Maturity of Government Debt

Table 6.10 presents total market debt arranged in order of maturity.

Table 6.10
Maturity of Government Debt

	Marketable bonds		Treasury bills		Retail debt		Canada bills		Total market debt	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
2014	57,509	2.49	180,700	1.03	858	1.01	2,103	0.13	241,170	1.37
2015	91,225	2.10			506	0.92			91,731	2.09
2016	57,642	2.44			1,196	0.67			58,838	2.40
2017	44,139	2.45			540	0.62			44,679	2.42
2018	30,743	2.26			835	0.67			31,578	2.22
2019/23	76,813	3.67			3,546	0.75			80,359	3.54
2024/28	24,862	4.81							24,862	4.81
2029/33	19,570	5.06							19,570	5.06
2034/38	33,844	4.88							33,844	4.88
2039/43	22,943	3.38							22,943	3.38
2044/48	18,324	2.74							18,324	2.74
	477,614	3.03	180,700	1.03	7,481	0.76	2,103	0.13	667,898	2.45
Less: Government's holdings and consolidation adjustment ⁽¹⁾	234		11						245	
Total	477,380	3.03	180,689	1.03	7,481	0.76	2,103	0.13	667,653	2.45

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

⁽¹⁾ Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds - \$55 million with an average interest rate of 8.43 percent) and consolidation adjustments.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.11 presents information on the Government's borrowing transactions. Included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non agent enter-

prise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

Table 6.11
Statement of all Borrowing Transactions on behalf of Her Majesty
(in millions of dollars)

	April 1/2012	Issues/ Borrowings	Retirements	March 31/2013
Market debt of the Government of Canada ⁽¹⁾	631,009	586,437	549,435	668,011
Cross currency swap revaluation	(4,448)		(1,029)	(3,419)
Unamortized discounts and premiums on market debt ⁽¹⁾	(4,295)	6,083	3,944	(2,156)
Obligation related to capital leases ⁽¹⁾	3,633	337	323	3,647
Other unmatured debt	453	464		917
	626,352	593,321	552,673	667,000
Borrowings of enterprise Crown corporations designated as agents of Her Majesty	242,328	76,423	75,170	243,581
Total	868,680	669,744	627,843	910,581

⁽¹⁾ Details can be found in this section.

6.10 Interest Bearing Debt

Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.12 presents the obligation related to capital lease agreements by asset type.

Table 6.12
Obligation related to capital leases

	April 1/2012	Net changes	March 31/2013
	\$	\$	\$
Land	7,730,113	(663,091)	7,067,022
Buildings	2,574,202,960	6,165,115	2,580,368,075
Works and infrastructure	587,862,032	(18,410,515)	569,451,517
Machinery and equipment	37,367,582	67,586,865	104,954,447
Vehicles	426,179,578	(41,400,852)	384,778,726
Total	3,633,342,265	13,277,522	3,646,619,787

Capital Leases

Table 6.13 provides details of obligation under capital lease arrangements.

Table 6.13
Details of obligation related to capital leases
(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%) ⁽¹⁾	Balances at March 31, 2013		
				Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Environment —						
Department —						
Carleton University, Ottawa - National Wildlife Research Centre	May 2002	25	5.63	18,200	5,835	12,365
Parks Canada Agency —						
Greenwich Interpretation Multipurpose Centre	March 2001	24	6.30	4,730	1,394	3,336
Rocky Mountains Co-operative Housing Association	Nov 2001	18	6.30	954	179	775
Other capital leases less than \$1,000,000				16	2	14
				5,700	1,575	4,125
National Defence —						
Edmonton Armoury - North	Dec 2000	20	5.62	10,846	2,051	8,795
Edmonton Armoury - South	May 2001	20	6.07	17,235	3,632	13,603
Longue Pointe Supply Depot	Nov 1994	35	7.64	56,088	24,335	31,753
Milit-Air (NFTC)	Oct 2003	17	5.87	53,991	10,819	43,172
Milit-Air (NFTC)	Dec 1999	20	5.78	408,893	71,986	336,907
Montfort Hospital, Ottawa - Health Services	Oct 2003	17	5.26	56,213	12,950	43,263
Shawinigan Armoury	May 1999	20	5.46	3,413	517	2,896
				606,679	126,290	480,389

Table 6.13

Details of obligation related to capital leases — *Continued*

(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%) ⁽¹⁾	Balances at March 31, 2013		
				Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Natural Resources —						
183 Longwood Drive, Hamilton	Nov 2010	25	3.45	106,703	32,691	74,012
Parliament —						
House of Commons —						
Speed Master — Heidelberg	Feb 2011	5	5.25	1,165	87	1,078
Other capital leases less than \$1,000,000				1,607	149	1,458
				2,772	236	2,536
Public Safety and Emergency Preparedness —						
Royal Canadian Mounted Police —						
RCMP Detachment, Cornwall	Aug 2009	25	5.54	24,544	10,189	14,355
Other capital leases less than \$1,000,000				1,288	535	753
				25,832	10,724	15,108
Public Works and Government Services —						
Department —						
1 Arctic Road, Inuvik	March 2008	10	10.73	858	196	662
101 Frederick Street, Kitchener (Lease 1 of 2)	July 2010	5	2.98	489	17	472
101 Frederick Street, Kitchener (Lease 2 of 2)	July 2010	5	7.66	957	81	876
110 O'Connor Street, Ottawa (Lease 1 of 6)	April 2009	10	5.70	3,467	537	2,930
110 O'Connor Street, Ottawa (Lease 2 of 6)	April 2009	10	5.43	3,403	504	2,899
110 O'Connor Street, Ottawa (Lease 3 of 6)	Dec 2009	10	5.43	6,300	1,024	5,276
110 O'Connor Street, Ottawa (Lease 4 of 6)	Dec 2009	10	5.43	4,671	759	3,912
110 O'Connor Street, Ottawa (Lease 5 of 6)	Dec 2009	10	5.43	2,439	396	2,043
110 O'Connor Street, Ottawa (Lease 6 of 6)	April 2010	10	4.37	1,379	185	1,194
1104 Ikaluktuutiak Drive, Iqaluit	Nov 2011	10	2.60	5,505	576	4,929
1164 Devonshire Avenue, North Bay	April 2011	10	3.67	1,560	210	1,350
117 Glencoe Drive, Mount Pearl	Aug 2009	10	3.57	2,381	253	2,128
1200 Commissioners Road East, London	Dec 2012	10	9.02	3,618	1,218	2,400
1300 Bath Road, Kingston	Feb 2012	10	2.20	1,093	101	992
135 Hunter Street East, Hamilton	June 2003	10	5.66	72	1	71
1363 Fourth Avenue, Prince George	Dec 2010	10	6.84	1,341	300	1,041
139 Douglastown Boulevard, Miramichi	Oct 2012	10	1.95	4,460	392	4,068
1431 Merivale Road, Ottawa	Oct 2007	10	8.22	2,363	393	1,970
144 Millennium Drive, Quispamsis	Nov 2011	15	8.74	1,740	723	1,017
1484 Centennial Drive, Kingston	Oct 2006	10	18.24	1,884	490	1,394
1550 Estimauville Avenue, Quebec	Nov 2011	20	8.24	81,090	39,654	41,436
159 Cleopatra Drive, Ottawa	March 2011	10	1.33	4,440	227	4,213
1600 Star Top Road, Ottawa	July 2004	15	7.15	19,120	3,739	15,381
1620 Dickson Avenue, Kelowna	April 2006	10	4.38	1,049	68	981
165 Edgecomb Drive, Charlottetown	Aug 2012	15	8.65	2,192	938	1,254
1725 Woodward Drive, Ottawa (Lease 1 of 2)	Dec 2009	10	8.94	2,991	744	2,247
1725 Woodward Drive, Ottawa (Lease 2 of 2)	Dec 2009	10	8.55	2,763	662	2,101
179 3rd Avenue, Timmins	Feb 2010	10	8.69	5,227	1,295	3,932
1801 Hollis and Duke, Halifax	Oct 2009	10	3.89	3,139	377	2,762
181 Queen Street, Ottawa	March 2004	20	10.65	40,273	16,794	23,479
1925 McCallum Road, Abbotsford	Nov 2008	15	4.30	4,379	917	3,462
200 John Street West, Oshawa	Nov 2009	10	7.16	1,829	374	1,455
215-219 George Street, Peterborough	April 2012	10	4.48	1,556	285	1,271
22 de Varennes Street, Gatineau	Nov 2007	10	10.97	2,841	616	2,225
220 Fortin Street, Quebec	Dec 2007	10	15.65	1,102	324	778
2250 St Olivier Street, Trois Rivières	Sept 2012	10	9.03	3,377	1,108	2,269
2455 Don Reid Drive, Ottawa	Dec 2009	15	7.71	3,599	1,230	2,369
2525 Dixie Road, Mississauga	Oct 2009	5	6.67	618	32	586
2655 Lancaster Road, Ottawa (Lease 1 of 2)	Feb 2009	8	3.94	761	56	705
2655 Lancaster Road, Ottawa (Lease 2 of 2)	July 2009	8	4.66	668	57	611
269 Laurier Avenue, Ottawa	Sept 2005	15	4.18	43,329	6,128	37,201
275 De Baets Street, Winnipeg	Feb 2007	10	17.42	1,072	294	778
2920 Highway 104, Antigonish	Feb 2006	10	7.76	464	49	415
295 Belliveau Avenue, Shediac	Jan 2007	15	7.93	3,396	960	2,436
3 Lower Malpeque Road, Charlottetown	June 2008	10	4.19	729	74	655

Table 6.13
Details of obligation related to capital leases — *Continued*
(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%) ⁽¹⁾	Balances at March 31, 2013		
				Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
3020 Hawthorne Road, Ottawa	Dec 2012	15	2.27	8,330	1,252	7,078
3085 Glen Erin Drive, Mississauga (Lease 1 of 2)	Aug 2010	7	7.28	1,234	178	1,056
3085 Glen Erin Drive, Mississauga (Lease 2 of 2)	Nov 2010	10	5.74	2,184	416	1,768
325 Broadway Avenue, Winnipeg	Jan 2008	10	10.37	6,610	1,408	5,202
3299 Industriel Boulevard, Sherbrooke	Nov 2009	10	6.24	1,287	237	1,050
351 Saint Joseph Boulevard, Gatineau (Lease 1 of 2)	Aug 2011	25	5.28	84,039	35,770	48,269
351 Saint Joseph Boulevard, Gatineau (Lease 2 of 2)	Dec 2011	25	7.33	21,649	11,352	10,297
360 George Street North, Peterborough	April 2012	10	8.70	2,039	628	1,411
3600 Lysander Lane, Richmond	March 2010	10	0.43	2,678	41	2,637
365 Hargrave Street, Winnipeg	July 2003	10	4.65	126	1	125
395 Terminal Avenue, Ottawa	Jan 2013	15	2.67	65,704	11,452	54,252
400 City Hall Square East, Windsor	Jan 2006	10	9.89	1,901	242	1,659
4110 Wellington Street, Verdun	June 2012	10	7.20	1,487	392	1,095
419 Kensington Avenue, Estevan	Oct 2011	10	2.87	1,106	126	980
444 Fifth Street, Shawinigan	Dec 2011	10	8.50	2,767	814	1,953
4455 12th Avenue, Shawinigan Sud	Sept 2003	10	8.85	175	4	171
455 de la Carrière Boulevard, Gatineau	Nov 2012	25	6.86	222,990	117,519	105,471
485 Bishop Drive, Fredericton	Dec 2011	15	6.16	1,560	507	1,053
4901-05 46th Street, Red Deer	Aug 2011	10	3.11	2,135	257	1,879
50 Queen Street North, Kitchener	Nov 2006	7	7.81	597	10	387
5019, 52nd Street, Yellowknife	Feb 2011	10	2.54	1,669	157	1,512
520 Esmouth Street, Sarnia	Dec 2006	10	4.08	1,962	143	1,819
522 Main Street, Shediac	April 2012	10	2.34	3,207	318	2,889
555 McAllister Drive, Saint John	Nov 2007	10	8.16	2,923	491	2,432
559 College Street, Toronto	July 2012	10	2.24	2,978	281	2,697
6th and 2nd Building, Edmonton	Sept 2009	5	3.49	416	11	405
635 8th Avenue South West, Calgary	July 2009	10	3.55	6,730	712	6,018
65 John Savage Avenue, Dartmouth	Oct 2004	10	5.93	626	28	598
6500 Trans-Canada Highway, Pointe-Claire	Sept 2012	10	1.95	1,171	102	1,069
6503 67th Street, Red Deer	Sept 2009	10	4.81	842	119	723
78 Richmond Street West, Oshawa	July 2009	5	9.75	1,214	80	1,134
8 Colonnade Road, Ottawa	May 2007	10	5.91	1,189	135	1,054
8 Oakes Avenue, Kirkland Lake	April 2012	10	6.93	7,749	1,995	5,754
8 Queen Street East, Sault Ste Marie	June 2010	10	4.95	2,093	334	1,759
81 Kingmingya Road, Inuvik	Jan 2011	10	7.35	1,184	283	901
81 Mulcaster Street, Barrie	Sept 2012	15	12.99	8,031	4,409	3,622
825-827 Fort Street, Victoria	Oct 2011	10	2.66	1,623	172	1,451
859 Main Street, Moncton	July 2008	10	5.49	1,017	135	882
985 McGill Place, Kamloops	June 2002	15	13.50	1,279	305	974
98 100 Racine Street East, Saguenay	June 2011	9	5.36	1,417	267	1,150
Admiral Building, Ottawa	Aug 2009	15	11.51	1,950	895	1,055
Albion Executive Tower, Ottawa	Dec 2009	10	6.80	2,141	423	1,718
Anderson Building, Selkirk	Jan 2012	10	2.18	1,105	98	1,007
Barker House, Fredericton	April 2010	10	2.82	2,520	238	2,282
Bell Canada Place, Ottawa	May 2003	15	10.88	4,801	1,126	3,675
Bell Tower, Edmonton	Jan 2004	10	18.61	487	35	452
Bonaventure Place, Montreal	May 2005	10	16.43	1,835	290	1,545
Broad Street Crossing, Regina (Lease 1 of 2)	May 2008	10	4.88	1,107	128	979
Broad Street Crossing, Regina (Lease 2 of 2)	May 2008	10	9.77	858	184	674
Canada Building, Ottawa	April 2007	10	4.27	2,888	238	2,650
Canada Place Building, Edmonton	Oct 2007	25	4.44	368,040	128,610	239,430
Canada Post Place, Ottawa	Dec 2004	15	4.91	20,463	3,042	17,421
Cargill Building, Winnipeg	July 2008	10	7.38	6,037	1,045	4,992
Carling Square, Tower I, Ottawa	Oct 2007	10	11.76	3,736	846	2,890
Carling Square, Tower II, Ottawa	Dec 2007	10	7.83	6,282	1,034	5,248
Centennial House, Winnipeg	April 2008	10	4.69	2,654	292	2,362

Table 6.13

Details of obligation related to capital leases — *Continued*

(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%) ⁽¹⁾	Balances at March 31, 2013		
				Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Centennial Towers, Ottawa	Dec 2003	10	6.70	7,262	179	7,083
Chahko Mika Mall, Nelson	Nov 2011	10	7.89	2,441	672	1,769
Chebucto Place, Halifax	May 2011	10	3.45	1,671	220	1,451
Chief Joseph Big Plume Building, Sarcee	Jan 2011	10	5.93	3,499	699	2,800
City Place, Winnipeg (Lease 1 of 2)	Nov 2008	10	9.16	1,692	372	1,320
City Place, Winnipeg (Lease 2 of 2)	April 2009	10	7.04	3,317	621	2,696
Coast Guard Base, Mount Pearl	Feb 2011	8	2.21	1,536	96	1,440
Colonnade Warehouse, Nepean	April 2007	10	7.80	822	118	704
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 1 of 2)	Jan 2009	9	9.61	3,654	738	2,916
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 2 of 2)	Jan 2009	9	9.74	2,606	533	2,073
Crownsnest Trail Plaza, Lethbridge	July 2008	10	5.83	957	135	822
de La Cité Place, Gatineau	Dec 2003	15	9.78	22,123	5,188	16,935
des Explorateurs Place, Gatineau	Oct 2008	10	4.68	1,745	210	1,535
Federal Court, Montreal	Feb 1994	20	21.53	1,425	131	1,294
Fontaine Building, Gatineau	Jan 2008	15	5.82	32,302	7,701	24,601
Fraser Building, Ottawa	Feb 2010	10	3.24	3,130	326	2,804
Frederick Square, Fredericton	Dec 2011	10	2.31	1,145	108	1,037
Galleries Laurentides, Saint Jérôme	June 2007	10	15.13	1,026	268	758
Glencoe Building, Mount Pearl	Dec 2007	10	10.74	1,835	397	1,438
Guy Favreau Complex, Montreal	Jan 2004	15	5.84	69,189	14,354	54,835
Harry Hays Building, Calgary	Oct 2007	25	4.44	364,358	127,350	237,008
Hérelle Place, Longueuil	Sept 2012	10	8.98	1,430	467	963
Historic Properties, Halifax	Jan 2006	10	8.18	1,126	121	1,005
I.C.A.O., Montreal	Nov 1996	20	9.94	63,426	13,458	49,968
Iberville IV Tower, Sainte-Foy	April 2005	10	4.68	354	17	337
Jean Edmonds Tower North, Ottawa	Jan 2005	10	4.53	15,871	641	15,230
Joseph Shepard Building, Toronto	Oct 2007	25	4.44	251,919	88,058	163,861
Judicial Complex, Toronto	April 2006	20	11.40	77,955	39,070	38,885
Kamotiq Building, Nunavut	April 2011	10	5.10	4,500	811	3,689
Kent Square Building, Ottawa	Oct 2007	10	4.52	2,891	279	2,612
Laurier Place, Ottawa	May 2009	10	5.51	2,738	416	2,322
Library Square (Block 56), Vancouver	May 1995	25	9.68	47,224	13,139	34,085
Lionel Chevrier Building, Cornwall	Dec 2004	15	6.07	5,275	946	4,329
Louis St Laurent Building, Gatineau	Nov 2001	15	6.38	35,872	4,985	30,887
Maritime Centre, Halifax (Lease 1 of 3)	Oct 2006	10	10.41	723	119	604
Maritime Centre, Halifax (Lease 2 of 3)	Jan 2010	15	6.26	18,760	5,589	13,171
Maritime Centre, Halifax (Lease 3 of 3)	Jan 2010	15	5.78	1,947	545	1,402
Megasys Phase II, Calgary	Feb 2008	10	5.62	4,394	555	3,839
Mercury Centre, Ottawa	Jan 2007	25	4.50	121,898	39,689	82,209
Mews Place, St. John's	Oct 2011	10	2.37	3,069	294	2,775
Midwest Surveys Building, Calgary	April 2007	10	17.88	2,671	773	1,898
Montcalm Place, Phase III, Gatineau	Dec 2003	15	8.65	23,061	4,882	18,179
Montcalm Place, Tower II, Gatineau	April 2012	15	2.64	25,228	4,156	21,072
Narono Building, Ottawa	Feb 2008	10	4.61	1,279	134	1,145
Nova Plaza, Yellowknife (Lease 1 of 2)	April 2009	10	6.00	2,623	425	2,198
Nova Plaza, Yellowknife (Lease 2 of 2)	April 2010	10	10.21	1,383	398	985
Parks Canada Building, Dartmouth	July 2009	10	7.61	4,406	1,881	2,525
Queen Square, Dartmouth	Sept 2011	10	3.18	11,227	1,390	9,837
RCMP Building, Montreal	Oct 2007	25	4.44	63,211	22,169	41,042
Revenu Canada Building, Montreal	Oct 2007	25	4.44	128,796	45,037	83,759
Roper Ridge Business Park, Edmonton	Nov 2008	10	6.43	5,013	822	4,191
Rosdev de Ville, Gatineau	June 2007	10	4.58	15,407	1,405	14,002
Royal Centre, New Westminster (Lease 1 of 2)	Nov 2008	10	11.22	1,620	420	1,200
Royal Centre, New Westminster (Lease 2 of 2)	March 2011	9	5.96	1,113	215	898
Samuel Holland Complex, Quebec	July 2011	10	3.13	1,232	147	1,085
Sixty Queen Building, Ottawa (Lease 1 of 2)	July 2008	10	3.94	1,488	137	1,351
Sixty Queen Building, Ottawa (Lease 2 of 2)	May 2009	9	0.32	4,262	34	4,228

Table 6.13
Details of obligation related to capital leases — *Continued*
(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%) ⁽¹⁾	Balances at March 31, 2013		
				Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Sixty Six Slater Building, Ottawa (Lease 1 of 2) ...	April 2009	10	4.95	3,673	501	3,172
Sixty Six Slater Building, Ottawa (Lease 2 of 2) ...	Sept 2010	10	5.53	1,547	280	1,267
Skyline Complex, Ottawa ...	Oct 2007	25	4.44	284,785	99,690	185,095
Smith Building, St. John's ...	July 2009	10	7.08	2,940	570	2,370
Stock Exchange Tower, Montréal ...	April 2012	10	3.36	1,485	205	1,280
Terrasses de la Chaudière, Gatineau ...	Jan 1993	20	9.95	56,574	916	55,658
The Baker Center Building, Edmonton ...	Dec 2007	10	4.45	854	84	770
The Inuksugait Plaza, Iqaluit ...	Oct 2006	10	14.28	769	167	602
The New Two Seventy Building, Ottawa ...	June 2007	10	4.58	4,881	445	4,436
Thomas D'Arcy McGee Building, Ottawa ...	Oct 2007	25	4.44	222,303	77,654	144,649
Time Square Building, Ottawa ...	Oct 2010	10	4.76	5,057	811	4,246
Trebla Building, Ottawa (Lease 1 of 2) ...	April 2009	10	9.46	6,547	1,566	4,981
Trebla Building, Ottawa (Lease 2 of 2) ...	April 2009	10	2.73	691	54	637
Trusco Building, Ottawa ...	Sept 2006	20	4.28	93,198	22,388	70,810
VAC Records Management Centre, Charlottetown ...	Nov 2007	15	13.43	3,161	1,388	1,773
Vanguard Building, Ottawa ...	Nov 2007	10	4.80	2,182	227	1,955
Vault Building, Lethbridge ...	April 2008	10	6.18	1,007	142	865
Waldron Building, Yellowknife ...	Aug 2007	10	12.22	1,102	250	852
Woodward's Abbott Building, Vancouver ...	Jan 2010	15	5.35	5,454	1,428	4,026
Other capital leases less than \$1,000,000 ...				80,260	19,639	60,621
				3,450,204	1,099,410	2,350,794
Shared Services Canada —						
IBM Enterprise Class Z196 Server, model 2817 - M32 CPC1 for DCH (AMR 9 59) ...	Oct 2011	4	1.20	5,605	80	5,525
IBM Enterprise Class Z196 Server, model 2817 - M32 CPC2 for DCH (AMR 9 60) ...	Oct 2011	4	1.20	3,926	56	3,870
IBM Enterprise Class Z196 Server, model 2817 - M32 CPC7 for DCH (AMR 9 62) ...	Oct 2011	4	1.20	3,834	55	3,779
IBM Enterprise Class Z196 Server, model 2817 - M32 CPC8 for DCH (AMR 9 63) ...	Oct 2011	4	1.20	3,494	50	3,444
IBM Enterprise Class Z196 Server, M49 CPC9 for DCH (AMR 9 61) ...	Oct 2011	4	1.20	2,383	34	2,349
IBM Enterprise Class Z196 Server, model 2817 - M32 Serial #0E11A6 for DND Mainframe 1 ...	Jan 2012	2	6.73	1,450	40	1,410
IBM Enterprise Class Z196 Server, model 2817 - M15 Serial #0E0F06 for DND Mainframe 2 ...	Jan 2012	2	6.73	278	8	270
IBM Enterprise Class Z196 Server, model 2817 - M32 Serial #0E11B6 for DND Mainframe 3 ...	Jan 2012	2	6.73	901	25	876
IBM Enterprise Class Z196 Server, model 2817 - M15 Serial #00F21 for DND Mainframe 4 ...	Jan 2011	3	0.14	399		399
Supercomputer Meteorological Service of Canada ...	April 2012	3	1.30	30,740	461	30,279
				53,010	809	52,201
Transport —						
Confederation Bridge, Borden Carleton ...	May 1997	35	6.16	1,270,603	701,151	569,452
Other departments —						
Capital leases less than \$1,000,000 ...				342	13	329
				5,540,045	1,978,734	3,561,311
Consolidated Crown corporations and other entities —						
Canadian Broadcasting Corporation —						
HD3 Mobile ...	Jan 2011	5	2.95	4,902	203	4,699
Telesat ...	Feb 2001	17	6.80	58,144	8,621	49,523
Office equipment lease ...	Oct 2012	5	2.97	1,211	80	1,131
				64,257	8,904	55,353

Table 6.13

Details of obligation related to capital leases — *Concluded*

(in thousands of dollars)

	Inception date	Lease term in years	Discount rate (%) ⁽¹⁾	Balances at March 31, 2013		
				Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Canadian Museum of Nature — Natural Heritage Building, Gatineau, Que	Sept 1996	35	9.88	64,750	35,160	29,590
Canadian Race Relations Foundation — Capital leases less than \$1,000,000				5		5
Defence Construction (1951) Limited — Capital leases less than \$1,000,000				373	29	344
Sustainable Development Technology Canada — Capital leases less than \$1,000,000				17		17
				129,402	44,093	85,309
Total				5,669,447	2,022,827	3,646,620

⁽¹⁾ For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease.

Minimum lease payments related to capital leases

Table 6.14 presents upcoming minimum leases payments for the next five years by ministry.

Table 6.14

Minimum lease payments related to capital leases

(in thousands of dollars)

	Payments due by March 31						Total
	2014	2015	2016	2017	2018	2019 and subsequently	
Environment — Department —							
Remaining payments	1,300	1,300	1,300	1,300	1,300	11,700	18,200
Imputed interest	696	662	626	588	548	2,715	5,835
	604	638	674	712	752	8,985	12,365
Parks Canada Agency —							
Remaining payments	544	544	544	544	544	2,980	5,700
Imputed interest	251	232	211	189	167	525	1,575
	293	312	333	355	377	2,455	4,125
National Defence —							
Remaining payments	82,311	82,248	82,189	82,126	82,054	195,751	606,679
Imputed interest	26,920	23,689	20,270	16,653	12,828	25,930	126,290
	55,391	58,559	61,919	65,473	69,226	169,821	480,389
Natural Resources —							
Remaining payments	4,718	4,718	4,718	4,718	4,718	83,113	106,703
Imputed interest	2,519	2,442	2,362	2,279	2,194	20,895	32,691
	2,199	2,276	2,356	2,439	2,524	62,218	74,012
Parliament — House of Commons —							
Remaining payments	1,001	999	772				2,772
Imputed interest	155	63	18				236
	846	936	754				2,536

6.16 Interest Bearing Debt

Table 6.14
Minimum lease payments related to capital leases — *Concluded*
(in thousands of dollars)

	Payments due in						Total
	2014	2015	2016	2017	2018	2019 and subsequent years	
Public Safety and Emergency Preparedness —							
Royal Canadian Mounted Police —							
Remaining payments	1,206	1,206	1,206	1,206	1,206	19,802	25,832
Imputed interest	827	806	783	759	734	6,815	10,724
	379	400	423	447	472	12,987	15,108
Public Works and Government Services —							
Department —							
Remaining payments	327,996	257,414	245,785	271,218	214,997	2,132,794	3,450,204
Imputed interest	123,004	112,713	103,591	92,952	83,059	584,091	1,099,410
	204,992	144,701	142,194	178,266	131,938	1,548,703	2,350,794
Shared Services Canada —							
Remaining payments	23,444	20,417	9,149				53,010
Imputed interest	557	231	21				809
	22,887	20,186	9,128				52,201
Transport —							
Remaining payments	60,830	58,375	59,257	60,152	61,061	970,928	1,270,603
Imputed interest	41,582	38,250	38,216	38,153	38,060	506,890	701,151
	19,248	20,125	21,041	21,999	23,001	464,038	569,452
Other departments —							
Remaining payments	236	79	24	3			342
Imputed interest	11	2					13
	225	77	24	3			329
	307,064	248,210	238,846	269,694	228,290	2,269,207	3,561,311
Consolidated Crown corporations and other entities —							
Canadian Broadcasting Corporation —							
Remaining payments	14,024	14,024	13,736	12,294	10,179		64,257
Imputed interest	3,132	2,559	1,831	1,107	275		8,904
	10,892	11,465	11,905	11,187	9,904		55,353
Canadian Museum of Nature —							
Remaining payments	3,500	3,500	3,500	3,500	3,500	47,250	64,750
Imputed interest	2,912	2,851	2,783	2,709	2,627	21,278	35,160
	588	649	717	791	873	25,972	29,590
Canadian Race Relations Foundation —							
Remaining payments	2	3					5
Imputed interest	0	0					0
	2	3					5
Defence Construction (1951) Limited —							
Remaining payments	147	226					373
Imputed interest	16	13					29
	131	213					344
Sustainable Development Technology Canada —							
Remaining payments	14	3					17
Imputed interest	14	3					17
	11,627	12,333	12,622	11,978	10,777	25,972	85,309
Total	318,691	260,543	251,468	281,672	239,067	2,295,179	3,646,620
Summary —							
Remaining payments	521,273	445,056	422,180	437,061	379,559	3,464,318	5,669,447
Imputed interest	202,582	184,513	170,712	155,389	140,492	1,169,139	2,022,827
Net obligation	318,691	260,543	251,468	281,672	239,067	2,295,179	3,646,620

Pensions and Other Future Benefits

Pensions and other future benefits include liabilities for public sector pensions and other employee and veteran future benefits established under the authority of section 64 of the *Financial Administration Act*.

Public Sector Pensions

The Government of Canada sponsors a number of defined benefit pension plans covering substantially all its employees, principally members of the public service and certain Public Service corporations and territorial governments, the Canadian Forces, including the Reserve Force and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The liability for public sector pensions represents the Government's obligations for the major pension plans it sponsors. It is recorded through superannuation accounts, which are generally established pursuant to legislation, and through adjustment allowance accounts. The allowance accounts are used to record: the accumulated amortization of any shortfall or excess between the liability for public sector pensions determined on an actuarial basis for accounting purposes and the balances of the superannuation accounts, the accumulated differential between interest credited to the superannuation accounts and interest based on the actuarial obligations, and any other accounting adjustment required under the Government's accounting policies.

The legislation requires that all pension obligations arising from these plans be met. Prior to April 1, 2000, separate market invested funds were not maintained and no formal debt instruments are issued to the pension accounts by the Government in recognition of the amounts related to pensionable service for this period. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the public service, Canadian Forces and Royal Canadian Mounted Police pension plans, and for the Reserve Force Pension Plan, are transferred to the Public Sector Pension Investment Board (PSPIB) for investment in capital markets. The goal of PSPIB is to achieve maximum rates of return on investments without undue risk, while respecting the requirements and financial obligations of each of the public sector pension plans. PSPIB reports the results of the investments in an annual report tabled in Parliament.

Additional information on the above mentioned plans can be found in the annual reports on the administration of the plans which are tabled in Parliament.

i. Pension plans

Public Service Pension Plan, Canadian Forces Pension Plan including the Reserve Force Pension Plan and Royal Canadian Mounted Police Pension Plan

Under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, basic pensions for these plans are generally based on the best five consecutive year's average earnings and accrue at two percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pension benefits are coordinated with benefits under the Canada/Quebec Pension Plans. Pension benefits are indexed annually on January 1 to the cost of living.

The *Jobs and Growth Act, 2012* amended certain provisions of the legislation for the pension plans. For the public service, the normal retirement age and other age related thresholds were raised from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60. Furthermore, contribution rates for current service for all members of the public service will increase gradually to an employer: employee cost sharing ratio of 50:50 by 2017. Members of the Canadian Forces - Regular Force and the Royal Canadian Mounted Police pension plans will contribute at the same rates as those for public service pension plan members who joined before January 1, 2013.

For the first nine months of the 2013 fiscal year, plan members' contribution rates were of 6.2 percent (5.8 percent in 2012) on salary up to the Yearly Maximum Pensionable Earnings (YMPE) for the Canada Pension Plan or Quebec Pension Plan and 8.6 percent (8.4 percent in 2012) on salary above the YMPE. For the last three months, the rates were 6.9 percent (6.2 percent in 2012) on salary up to the YMPE and 9.2 percent (8.6 percent in 2012) on salary above the YMPE. However, members who joined the public service on or after January 1, 2013 only contributed at rates of 6.3 percent on salary up to the YMPE and 7.6 percent on salary above the YMPE. Contribution rates for these new members were lower due to the lower cost of the benefits related to increasing the age threshold to 65 from 60.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2013, the employer contribution rates were about 1.7, 2.3 and 1.9 (1.8, 2.5 and 2.0 respectively in 2012) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively. For new members joining the public service pension plan on or after January 1, 2013, employer contributions were about 1.6 times the employee contribution.

Since April 1, 2000, new contributions made to these pension plans by both plan members and by the Government as the employer are credited to pension fund accounts. An amount equal to these contributions less benefits and other payments related to post March 2000 service is transferred to PSPIB to be invested in capital markets.

The superannuation accounts, which continue to record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long term bond rate. The average interest rate credited to the superannuation accounts was about 5.6 percent in 2013 (5.9 percent in 2012). The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are flow through accounts used to transfer funds to PSPIB and as such, do not earn interest. The balance in the pension fund accounts at year end corresponds to money that was in transit or pending transfer to PSPIB.

To reflect *Income Tax Act* restrictions on the benefits payable from registered pension plans, pension legislation contains a number of provisions to allow various federal service superannuation plans to adapt to the tax restrictions. These include Retirement Compensation Arrangements Accounts established under the *Special Retirement Arrangements Act* (SRAA), to record transactions for those pension benefits above the limits, or not permitted under the *Income Tax Act*.

Members of Parliament retiring allowances

Members of Parliament are eligible at age 55 to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. The basic allowance is based on the best five years' average sessional indemnity and accrues at a rate of 3 percent of average sessional indemnities for both Members of the House of Commons and for Senators. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60.

Effective January 1, 2013, the *Members of Parliament Retiring Allowances Act* was amended to change the interest rate credited on the account and to increase contribution rates over time to bring the plan members' share of the Members of Parliament pension plan to 50 percent by January 1, 2017. The legislation was also amended to co-ordinate the Members of Parliament pension plan with the Canada Pension Plan or the Quebec Pension Plan at age 60, to change the age at which plan members would be eligible for a pension benefit from age 55 to 65 for pensionable service incurred on or after January 1, 2016, and to introduce an early, reduced pension benefit at age 55, all of which will be effective January 1, 2016. In addition, the Prime Minister's retirement allowance was changed as of February 2, 2006, from two thirds of salary to 3 percent of salary for each year of service.

In 2013, Members contributed at a rate of 7 percent of their salary for the first 9 months of the year and 8 percent for the last three months (generally 7 percent in 2012). The Government contributions are made monthly to provide for the cost (net of Members' contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of Members' contributions, are on average as follows:

	2013	2012
Members of Parliament —		
House of Commons —		
Retiring allowances account	4.9	5.0
Compensation arrangements account	7.6	8.2
The Senate —		
Retiring allowances account	3.7	3.8
Compensation arrangements account	4.6	4.8

Contributions are credited to the appropriate pension accounts. The average interest rate credited to the accounts was approximately 8.9 percent (10.4 percent in 2012).

Pension plan for federally appointed judges

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan does not have an explicit accrual rate for benefits. Instead, the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5 percent of salary. All other judges contribute 7 percent of salary. Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year end through an allowance account, to bring the current year expense from an expenditure to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to \$121 million (\$112 million in 2012). At March 31, 2013, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to \$2,107 million (\$2,012 million in 2012).

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed at least every three years for funding purposes on the major pension plans using the projected benefit method prorated on services. The most recent date for the actuarial valuation of each pension plan is as follows:

Public Service — March 31, 2011 (updated actuarial report tabled on March 25, 2013 due to the *Jobs and Growth Act, 2012*);

Canadian Forces — March 31, 2010;

Royal Canadian Mounted Police — March 31, 2012;

Members of Parliament — March 31, 2010 (updated actuarial report tabled on May 31, 2013, due to the *Pension Reform Act* that amended the *Members of Parliament Retiring Allowances Act*);

Federally appointed judges — March 31, 2010.

The actuarial valuations for the public service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans include the valuation of the Retirement Compensation Arrangements (RCA) component related to each plan.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency identified be credited to the appropriate account or fund in equal instalments over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. During the year, credit adjustments of \$435 million, \$249 million, \$57 million and \$8 million (nil, \$249 million, nil and \$6.2 million in 2012) were made to the Public Service Pension Fund Account, the Canadian Forces Pension Fund Account, the Royal Canadian Mounted Police Pension fund Account and the Retirement Compensation Arrangements Account No. 2 respectively as a result of their last actuarial valuation. The credit adjustment of \$0.6 million recorded last year in the Members of Parliament Retirement Compensation Arrangements Account was reversed.

A comparable provision also gives authority to deal with excesses in the superannuation accounts by debiting the appropriate account over a period of up to fifteen years. Any future surpluses identified in the Pension Funds may be dealt with by a reduction of Government and/or plan member contributions, or by withdrawing amounts from the Fund. As a result of the last actuarial valuations, no debit adjustment was made during the year (nil in 2012).

Table 6.15 presents a summary of the balances and transactions for the liability for public sector pension plans. Receipts and other credits for the pension accounts consist of contributions from plan members, related contributions from the Government of Canada and participating Public Service corporations and territorial governments, transfers from other pension funds, other contributions related to the actuarial liability adjustment, refunds of refundable tax and interest. Payments and other charges for the pension accounts consist of annuity payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, pension division payments, transfer value payments, transfers to other plans, remittances of refundable tax, payment of administrative expenses, debits resulting from triennial actuarial reviews, and transfers to PSPIB. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes, between the interest based on the actuarial obligations and interest credited to the pension accounts, and from any other accounting adjustment required under the Government's accounting policies.

Table 6.15
Public Sector Pensions
(in millions of dollars)

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
Funded pension plans —				
Public Service Pension Fund Account, Table 6.18	143	4,924	4,516	551
Allowance for pension adjustments	2,791	1,049	435	3,405
	2,934	5,973	4,951	3,956
Canadian Forces Pension Fund Account, Table 6.20	281	1,480	1,485	276
Allowance for pension adjustments	739	395	255	879
	1,020	1,875	1,740	1,155
Reserve Force Pension Fund Account, Table 6.21	10	41	38	13
Allowance for pension adjustments	218	22	9	231
	228	63	47	244
Royal Canadian Mounted Police Pension Fund Account, Table 6.23	14	481	426	69
Allowance for pension adjustments	289	102	57	334
	303	583	483	403
Total pension fund accounts	448	6,926	6,465	909
Total allowance for pension adjustments	4,037	1,568	756	4,849
Total funded pension plans	4,485	8,494	7,221	5,758
Unfunded pension plans —				
Public Service Superannuation Account, Table 6.17	96,442	5,360	5,154	96,648
Allowance for pension adjustments	(10,923)	775	205	(10,353)
	85,519	6,135	5,359	86,295
Canadian Forces Superannuation Account, Table 6.19	46,269	2,558	2,470	46,357
Allowance for pension adjustments	(5,589)	312	93	(5,370)
	40,680	2,870	2,563	40,987
Royal Canadian Mounted Police Superannuation Account, Table 6.22	13,016	720	611	13,125
Allowance for pension adjustments	(1,430)	67	21	(1,384)
	11,586	787	632	11,741
Members of Parliament Retiring Allowances Account, Table 6.24 ..	708	74	26	756
Allowance for pension adjustments	(285)	4	52	(333)
	423	78	78	423
Members of Parliament Retirement Compensation Arrangements Account, Table 6.25	231	43	30	244
Allowance for pension adjustments	165	22	18	169
	396	65	48	413
Retirement Compensation Arrangements (RCA) Account, Table 6.26	2,014	273	201	2,086
Allowance for pension adjustments	1,618	125	73	1,670
	3,632	398	274	3,756
Supplementary Retirement Benefits Account (Judges), Table 6.27 ..	178	9		187
Allowance for pension adjustments	2,012	99	4	2,107
	2,190	108	4	2,294
Supplementary Retirement Benefits Account (Others), Table 6.27 ..				
Total superannuation accounts	158,858	9,037	8,492	159,403
Total allowance for pension adjustments	(14,432)	1,404	466	(13,494)
Total unfunded pension plans	144,426	10,441	8,958	145,909
Total reported in the Consolidated Statement of Financial Position	148,911	18,935	16,179	151,667

Public Account of Canada, 2012-2013

Table 6.16 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the actuarial obligations under the various plans. The net interest expense represents the interest credited to the superannuation accounts in accordance with the pension legislation, shown net of a provision of \$3,976 million

(\$3,469 million in 2012) and of \$3,602 million (\$3,462 million in 2012) in expected return on pension investments.

In 2013, an amendment was made to the Members of Parliament pension plan whereas the Prime Minister retirement allowance was changed as of February 2, 2006, resulting in a one-time past service cost reduction of \$1 million.

Table 6.16

Summary of Transactions in Public Sector Pensions that Resulted in Charges to Expenditures

(in millions of dollars)

	2012-2013							2011-2012		
	Government contributions	Statutory payments	Adjustment	Net benefits earned	Funding of actuarial liability services	Plan amendments	Actuarial losses (gains) recognized	Pension expense	Net interest expense	Pension expense
Funded pension plans —										
Public Service Pension Fund Account	2,493		178	2,671	435		443	3,549	429	3,140
Canadian Forces Pension Fund Account	847		(6)	841	249		226	1,316	173	1,279
Reserve Force Pension Fund Account	13		17	30			(10)	20	5	41
Royal Canadian Mounted Police Pension Fund Account	278		17	295	57		43	395	44	333
	3,631		206	3,837	741		702	5,280	651	4,793
Less: costs already recorded in the allowance for pension adjustments of previous years					(741)			(741)		(249)
Total funded pension plans	3,631		206	3,837			702	4,539	651	4,544
Unfunded pension plans —										
Public Service Superannuation Account ⁽¹⁾	19		(42)	(23)			771	748	5,155	415
Canadian Forces Superannuation Account	3		(6)	(3)			308	305	2,463	157
Defence Services Pension Continuation Act		4		4				4		5
Royal Canadian Mounted Police Superannuation Account			(1)	(1)			68	67	699	36
Royal Canadian Mounted Police Continuation Act		14		14				14		15
Members of Parliament Retiring Allowances Account	9		(1)	8			3	11	12	10
Members of Parliament Retirement Compensation Arrangements Account	19		(2)	17	(1)	(1)	2	17	6	19
Retirement Compensation Arrangements (RCA) Account	106		(18)	88	8		14	110	108	130
Supplementary Retirement Benefits Account	3			3				3		3
Judges Act		121	(4)	117			36	153	68	140
Other (diplomatic services, lieutenant governors, etc.)		2		2				2		2
	159	141	(74)	226	7	(1)	1,202	1,434	8,511	932
Less: costs already recorded in the allowance for pension adjustments of previous years					(7)			(7)		(7)
Less: contributions from the Judges plan recorded to revenues		(14)		(14)				(14)		(14)
Total unfunded pension plans	159	127	(74)	212		(1)	1,202	1,413	8,511	911
Total reported in the Consolidated Statement of Operations and Accumulated Deficit	3,790	127	132	4,049		(1)	1,904	5,952	9,162	5,455

⁽¹⁾ Includes payments under *Supplementary Retirement Benefits Act* and various acts.

6.22 Interest Bearing Debt

Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by public service members up to March 31, 2000.

Table 6.17
Public Service Superannuation Account

	2012 2013	2011 2012
	\$	\$
Opening balance	96,441,820,180	95,782,026,737
Receipts and Other Credits —		
Contributions —		
Government employees	4,421,468	5,102,398
Retired employees	18,497,273	20,698,768
Public Service corporation employees	275,357	391,134
Employer contributions —		
Government	18,502,069	20,945,400
Public Service corporations	232,460	319,353
Transfers from other pension funds	592,964	96,554
Interest	5,317,729,059	5,583,956,818
	5,360,250,650	5,631,510,425
	101,802,070,830	101,413,537,162
Payments and Other Charges —		
Annuities	4,996,538,068	4,813,181,405
Minimum benefits	13,781,359	11,958,823
Pension division	24,497,994	24,986,304
Pension transfer value payments	38,019,592	31,656,672
Returns of contributions —		
Government employees	16,920	29,393
Public Service corporation employees	31,997	5,281
Transfers to other pension funds	9,757,823	12,725,067
Administrative expenses	71,425,411	77,174,037
	5,154,069,164	4,971,716,982
Closing balance	96,648,001,666	96,441,820,180

Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Public Service Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

Table 6.18
Public Service Pension Fund Account

	2012 2013	2011 2012
	\$	\$
Opening balance	142,589,691	231,056,338
Receipts and Other Credits —		
Contributions —		
Government employees	1,462,879,048	1,407,787,250
Retired employees	36,849,984	32,244,091
Public Service corporation employees	135,731,961	123,768,301
Employer contributions —		
Government	2,492,724,245	2,554,955,776
Public Service corporations	226,119,081	219,271,420
Actuarial liability adjustment	435,000,000	
Transfers from other pension funds	134,782,686	76,535,189
	4,924,087,005	4,414,562,027
Payments and Other Charges —		
Annuities	909,173,984	722,808,726
Minimum benefits	9,426,009	7,233,175
Pension division payments	19,792,756	14,291,852
Pension transfer value payments	224,367,506	128,000,631
Returns of contributions —		
Government employees	15,392,927	6,228,404
Public Service corporation employees	2,736,087	1,713,501
Transfers to other pension funds	38,846,919	29,691,642
Administrative expenses	38,442,934	36,786,443
	1,258,179,122	946,754,374
Receipts and other credits less payments and other charges	3,665,907,883	3,467,807,653
Transfers to PSPIB	3,257,705,370	3,556,274,300
Closing balance	550,792,204	142,589,691

Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Armed Forces members up to March 31, 2000.

Table 6.19
Canadian Forces Superannuation Account

	2012 2013	2011 2012
	\$	\$
Opening balance	46,269,145,802	45,995,262,835
Receipts and Other Credits —		
Contributions from personnel	2,944,845	2,971,520
Contributions by the Government	2,944,845	2,971,520
Interest	2,550,656,021	2,679,671,878
Other ⁽¹⁾	1,705,499	342,523
	2,558,251,210	2,685,957,441
	48,827,397,012	48,681,220,276
Payments and Other Charges —		
Pensions and retiring allowance	2,397,650,035	2,360,850,319
Pension division	45,417,266	33,102,196
Minimum benefits	384,011	737,376
Return of contributions (net recoveries)	143,584	(92,369)
Transfers to other pension funds	564,346	277,644
Administrative expenses	21,989,307	14,727,072
Pension transfer value payments	4,112,363	2,472,236
	2,470,260,912	2,412,074,474
Closing balance	46,357,136,100	46,269,145,802

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Includes unclaimed cheques and returned annuity payments upon joining a Government Pension Plan.

Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

Table 6.20
Canadian Forces Pension Fund Account

	2012 2013	2011 2012
	\$	\$
Opening balance	280,495,982	37,743,747
Receipts and Other Credits —		
Contributions from personnel	364,498,227	322,978,551
Contributions by the Government	847,074,079	797,314,877
Transfers from other pension funds	18,677,150	8,817,539
Actuarial liability adjustment	249,000,000	249,000,000
Other ⁽¹⁾	74,534	38,455
	1,479,323,990	1,378,149,422
Payments and Other Charges —		
Pensions and retiring allowance payments	271,544,629	228,516,236
Minimum benefits	1,014,447	902,553
Pension division payments	31,244,946	19,405,605
Return of contributions	665,787	1,235,223
Transfers to other pension funds	1,287,944	637,811
Administrative expenses	10,395,534	6,251,663
Pension transfer value payments	112,412,503	63,583,655
	428,565,790	320,532,746
Receipts and other credits less payments and other charges	1,050,758,200	1,057,616,676
Transfers to PSPIB	1,055,158,663	814,864,441
Closing balance	276,095,519	280,495,982

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Includes unclaimed cheques and returned annuity payments upon joining a Government Pension Plan.

Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007, in accordance with Part 1.1 of the *Canadian Forces Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

Table 6.21
Reserve Force Pension Fund Account

	2012-2013	2011-2012
	\$	\$
Opening balance	9,724,303	5,026,738
Receipts and Other Credits —		
Contributions from personnel	28,650,133	26,193,219
Contributions by the Government	12,603,683	30,310,512
Other ⁽¹⁾	2,981	26
	41,256,797	56,503,757
Payments and Other Charges —		
Pensions and retiring allowance payments	3,566,919	2,550,409
Minimum benefits	84,051	152,863
Return of contributions	112,500	89,361
Transfer to other pension funds	18,384,771	8,695,578
Administrative expenses	8,891,962	6,545,554
Pension transfer value payments	6,706,531	2,717,666
	37,746,734	20,751,431
Receipts and other credits less payments and other charges	3,510,063	35,752,326
Transfers to PSPIB		31,054,761
Closing balance	13,234,366	9,724,303

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Includes unclaimed cheques.

Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

Table 6.22
Royal Canadian Mounted Police Superannuation Account

	2012-2013	2011-2012
	\$	\$
Opening balance	13,015,852,545	12,846,577,339
Receipts and Other Credits —		
Contributions from personnel (current and arrears)	679,695	692,633
Contributions by the Government	662,709	671,105
Transfers from other pension funds	2,229	19,187
Interest	719,171,328	750,441,805
	720,515,961	751,824,730
	13,736,368,506	13,598,402,069
Payments and Other Charges —		
Annuities and allowances	582,773,337	555,490,054
Pension division payments	8,757,376	11,741,292
Returns of contributions	85	135,530
Cash termination allowance and gratuities	143,066	88,643
Pension transfer value payments	823,585	1,186,567
Transfers to other pension funds	285,510	33,473
Interest on returns of contributions		384,576
Administrative expenses	18,722,875	13,489,389
	611,505,834	582,549,524
Closing balance	13,124,862,672	13,015,852,545

Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

Table 6.23
Royal Canadian Mounted Police Pension Fund Account

	2012 2013	2011 2012
	\$	\$
Opening balance	13,680,102	12,552,943
Receipts and Other Credits —		
Contributions from personnel (current and arrears)	143,773,771	134,622,976
Contributions by the Government	278,300,571	274,087,208
Actuarial liability adjustment	57,000,000	
Transfers from other pension funds	2,084,062	4,771,305
	481,158,404	413,481,489
Payments and Other Charges —		
Annuities and allowance payments	79,457,413	64,422,211
Minimum benefits	209,841	25,432
Pension division payments	6,006,578	5,830,559
Returns of contributions	73,524	197,338
Pension transfer value payments	7,990,982	4,970,625
Transfers to other pension funds	1,010,810	196,950
Interest on returns of contributions	13,844	87,962
Administrative expenses	8,875,703	5,698,931
	103,638,695	81,430,008
Receipts and other credits less payments and other charges	377,519,709	332,051,481
Transfers to PSPIB	322,011,857	330,924,322
Closing balance	69,187,954	13,680,102

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

Table 6.24
Members of Parliament Retiring Allowances Account

	2012 2013	2011 2012
	\$	\$
Opening balance	708,049,065	655,636,605
Receipts and Other Credits —		
Members' contributions —		
Current	1,942,451	1,909,180
Arrears of principal, interest and mortality insurance	31,418	55,795
Government contributions —		
Current	8,999,607	9,002,051
Interest	62,794,895	67,506,190
	73,768,371	78,473,216
	781,817,436	734,109,821
Payments and Other Charges —		
Annual allowances	25,766,262	24,682,295
Withdrawal allowances	14,711	631,823
Interest on withdrawals	735	34,297
Pension division payments	229,835	506,103
Transfers to other pension funds		206,238
	26,011,543	26,060,756
Closing balance	755,805,893	708,049,065

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members.

Table 6.25
Members of Parliament Retirement Compensation Arrangements Account

	2012 2013	2011 2012
	\$	\$
Opening balance.....	231,416,266	215,033,218
Receipts and Other Credits —		
Members' contributions —		
Current	2,784,037	2,720,006
Arrears of principal, interest and mortality insurance	32,591	37,751
Government contributions —		
Current	19,212,077	20,398,894
Interest	20,884,907	22,706,929
Actuarial liability adjustment		600,000
	42,913,612	46,463,580
	274,329,878	261,496,798
Payments and Other Charges —		
Annual allowances	12,013,724	11,268,702
Refundable tax remitted to Canada Revenue Agency	17,368,459	16,792,406
Withdrawals	65,990	988,684
Interest on withdrawals	4,618	87,787
Pension division payments	284,048	465,078
Transfers to other pension funds		477,875
Other ⁽¹⁾	600,000	
	30,336,839	30,080,532
Closing balance.....	243,993,039	231,416,266

Certain comparative figures have been reclassified to conform to the current year's presentation.

⁽¹⁾ Includes the reversal of actuarial liability adjustment recorded in prior year.

Retirement Compensation Arrangements (RCA) Account

The RCA was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA No.1 pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No.1 was created effective December 15, 1994.

The RCA No.2 pays benefits to Public Service employees between the ages of 50 and 54, who were declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No.2 was created April 1, 1995, and is funded entirely by the Government.

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Table 6.26

Retirement Compensation Arrangements (RCA) Account

	RCA No.1								RCA No.2											
	Public Service				Canadian Forces				Royal Canadian Mounted Police				Public Service				Total			
	2012	2013	2011	2012	2012	2013	2011	2012	2012	2013	2011	2012	2012	2013	2011	2012	2012	2013	2011	2012
	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
Opening balance	910,164,233		837,356,493		307,572,515		286,772,081		30,546,308		29,215,163		766,225,994		783,004,879		2,014,509,050		1,936,348,616	
Receipts and Other Credits —																				
Contributions —																				
Government employees	8,546,868		9,257,839		2,417,372		2,171,681		151,250		174,199						11,115,490		11,603,719	
Retired employees	403,206		291,943														403,206		291,943	
Public Service corporation employees	1,627,632		1,854,675														1,627,632		1,854,675	
Employer contributions —																				
Government	75,927,626		83,088,699		29,048,116		27,357,389		894,740		1,445,775						105,870,482		111,891,863	
Public Service corporations	14,460,096		16,497,736														14,460,096		16,497,736	
Transfers from other pension funds	102,893		2,624						68,207								171,100		2,624	
Refundable tax													17,720,243		15,138,996		17,720,243		15,138,996	
Interest	52,872,701		51,901,715		17,873,237		17,608,104		1,728,965		1,764,075		41,350,683		44,719,974		113,825,586		115,993,868	
Actuarial liability adjustment													8,000,000		6,200,000		8,000,000		6,200,000	
	153,941,022		162,895,231		49,338,725		47,137,174		2,843,162		3,384,949		67,070,926		66,058,970		273,193,835		279,475,424	
	1,064,105,255		1,000,251,724		356,911,240		333,909,255		33,389,470		32,599,212		833,296,920		849,063,849		2,287,702,885		2,215,824,040	
Payments and Other Charges —																				
Annuities	20,598,427		17,879,635		3,924,872		3,341,264		760,969		643,980		84,001,208		82,837,855		109,284,576		104,702,734	
Minimum benefits	212,169		119,759														212,169		119,759	
Pension division payments	252,898		146,586		198,945		311,192				18,004						451,843		475,782	
Transfer value and interest	745,370		401,340		1,202,089		609,646										1,947,459		1,010,986	
Returns of contributions —																				
Government employees	2,989		52		22		244		409								3,420		296	
Public Service corporation employees	3,918		161														3,918		161	
Transfers	154,474		1,004,622						40,092								194,566		1,004,622	
Refundable tax	66,883,778		70,535,336		21,634,683		22,074,394		1,054,647		1,390,920						89,573,108		94,000,650	
	88,854,023		90,087,491		26,960,611		26,336,740		1,855,217		2,052,904		84,001,208		82,837,855		201,671,059		201,314,990	
Closing balance	975,251,232		910,164,233		329,950,629		307,572,515		31,534,253		30,546,308		749,295,712		766,225,994		2,086,031,826		2,014,509,050	

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act* to provide for pension benefit increases resulting from changes in the Consumer Price Index.

The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various Continuation Acts and other related acts.

Table 6.27
Supplementary Retirement Benefits Account

	Judges		Others ⁽¹⁾		Total	
	2012	2013	2011	2012	2012	2013
	\$	\$	\$	\$	\$	\$
Opening balance	178,121,263	168,581,940	575,067	534,442	178,696,330	169,116,382
Receipts and Other Credits —						
Employee contributions —						
Government	3,197,761	3,143,016	23,724	27,842	3,221,485	3,170,858
Matching contributions —						
Government	3,197,761	3,143,016	27,700	22,048	3,225,461	3,165,064
Interest	2,357,956	3,253,291	8,199	11,254	2,366,155	3,264,545
	8,753,478	9,539,323	59,623	61,144	8,813,101	9,600,467
	186,874,741	178,121,263	634,690	595,586	187,509,431	178,716,849
Payments and Other Charges —						
Annuities			28,957	20,519	28,957	20,519
Closing balance	186,874,741	178,121,263	605,733	575,067	187,480,474	178,696,330

⁽¹⁾ Includes lieutenant governors and non-career diplomats.

Allowance for Pension Adjustments

This account records the accounting adjustments resulting from annual actuarial valuations.

Actuarial losses of \$1,904 million (\$1,334 million in 2012) due to experience gains and losses and changes in actuarial assumptions were recognized to this account and increased pension costs for the year.

An amount of \$748 million (\$256 million in 2012) was recorded in this account during the year to offset pension costs charged to expenses in previous years but recorded in the accounts in the year.

An amount of \$132 million (\$175 million in 2012) was credited to this account and increased pension costs to adjust for the difference between the Government contributions and the net cost of benefits earned.

An amount of \$1 million (nil in 2012) was recorded in this account and decreased pension costs to adjust for the cost of past service related to amendments that were made to the Members of Parliament benefits during the year.

An amount of \$3,976 million (\$3,469 million in 2012) was credited to this account to adjust for the difference between interest based on the actuarial obligations and interest credited to the superannuation accounts and an amount of \$3,602 million (\$3,462 million in 2012) was recorded in this account to record the expected return on the pension investments.

As well, a consolidation adjustment of \$89 million (\$96 million in 2012) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unrecognized net actuarial loss of \$18,876 million (\$19,370 million in 2012) will be recognized in this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the net liability for public sector pensions was found to be \$10,231 million higher (\$8,975 million higher in 2012) than the balance of the superannuation accounts, plus the market related value of the pension investments held by PSPIB and the contributions receivable from employees for past service. This amount is made up of:

	Excess (shortfall) (in millions of dollars)	
	2013	2012
Public Service Pension Plan —		
Public Service Superannuation Account . . .	2,865	3,501
Public Service Pension Fund	(6,757)	(7,081)
Retirement Compensation Arrangements . . .	(1,625)	(1,615)
	(5,517)	(5,195)
Canadian Forces Pension Plan —		
Canadian Forces Superannuation Account . .	1,441	1,856
Canadian Forces Pension Fund	(3,039)	(2,897)
Reserve Force Pension Fund	(125)	(78)
Retirement Compensation Arrangements . . .	(195)	(147)
	(1,918)	(1,266)
Royal Canadian Mounted Police Pension Plan —		
Royal Canadian Mounted Police Superannuation Account	222	457
Royal Canadian Mounted Police Pension Fund	(736)	(759)
Retirement Compensation Arrangements . . .	(10)	(6)
	(524)	(308)
Members of Parliament Pension Plan —		
Members of Parliament Retiring Allowances	301	258
Retirement Compensation Arrangements . . .	(183)	(177)
	118	81
Pension plan for federally appointed judges . . .	(2,390)	(2,287)
Total	(10,231)	(\$8,975)

Other employee and veteran future benefits

The Government sponsors a variety of other future benefit plans from which employees and former employees (including military or Royal Canadian Mounted Police members) can benefit during or after employment or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependents. Others are considered post employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily

post employment benefits, but some benefits are also paid during employment to still serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include the Public Service Health Care Plan and the Pensioners' Dental Services Plan available to retired employees and retired military and Royal Canadian Mounted Police members, accumulated sick leave entitlements and post employment benefits such as workers' compensation benefits and severance benefits that accumulate. Table 6.28 presents the balance of these liabilities at year end.

Table 6.28
Other employee and veteran future benefits

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	Restated ⁽¹⁾			
	\$	\$	\$	\$
Veterans' disability and other future benefits	32,692,000,000	4,788,000,000	3,101,000,000	34,379,000,000
Royal Canadian Mounted Police disability and other future benefits	2,973,000,000	685,000,000	125,000,000	3,533,000,000
Public Service Health Care Plan	16,724,000,000	3,457,000,000	382,000,000	19,799,000,000
Pensioners' Dental Services Plan	2,503,000,000	327,000,000	71,000,000	2,759,000,000
Severance and other benefits	4,825,000,000	945,000,000	1,354,000,000	4,416,000,000
Sick leave benefit plan	1,400,000,000	308,000,000	240,000,000	1,468,000,000
Workers' compensation	798,000,000	264,000,000	115,000,000	947,000,000
Total	61,915,000,000	10,774,000,000	5,388,000,000	67,301,000,000

⁽¹⁾ Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

All of these plans are unfunded. The Public Service Health Care Plan and the Pensioners' Dental Services Plan are contributory plans. Contributions by retired plan members are made to the plans to obtain coverage. Therefore the Government's liability and costs are shown net of members' contributions. The

accrued benefit obligation related to these plans is determined actuarially for accounting purposes. As at March 31, the Government's recorded liability includes the following components:

(in millions of dollars)

	2013		2012	
	Accrued benefit obligations	Unrecognized net actuarial gain (loss)	Future benefit liabilities	Future benefit liabilities
				Restated ⁽¹⁾
Veterans' disability and other future benefits	53,605	(19,226)	34,379	32,692
Royal Canadian Mounted Police disability and other future benefits	6,486	(2,953)	3,533	2,973
Public Service Health Care Plan	27,841	(8,042)	19,799	16,724
Pensioners' Dental Services Plan	3,741	(982)	2,759	2,503
Severance and other benefits	5,112	(696)	4,416	4,825
Sick leave benefit plan	1,450	18	1,468	1,400
Workers' compensation	1,082	(135)	947	798
Total	99,317	(32,016)	67,301	6,915

⁽¹⁾ Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to interest on the public debt based on the average accrued benefit obligation.

In 2013, amendments were made to veteran future benefit plans whereby certain benefits are no longer offset by the disability pension received under the *Pension Act* resulting in a one time past service cost of \$501 million (\$367 million in 2012 for other amendments to veteran future benefit plans). With respect to the employee severance benefit plan, an amendment was agreed upon resulting in a one-time past service cost of \$27 million (\$160 million in 2012).

In 2013 as well as 2012, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The impact of the curtail

ments is a one-time past service cost reduction of \$151 million (\$267 million in 2012). In addition, the plan curtailments required the immediate recognition of a previously unrecognized net actuarial loss of \$223 million (\$122 million in 2012), representing the portion of the unrecognized net actuarial loss related to the obligation for employees subject to the curtailments.

In 2013, payments of \$691 million (\$1,152 million in 2012) were made to employees affected by the curtailments of the severance benefit plan who opted to cash out the full or partial value of their accumulated benefits, resulting in the recognition of settlement losses of \$146 million (\$22 million in 2012) and the immediate recognition of a previously unrecognized net actuarial loss of \$77 million (\$63 million in 2012), representing the portion of the unrecognized net actuarial loss related to the obligation for employees subject to the settlements.

During the year, the expense relating to these benefits was as follows:

(in millions of dollars)

	2013							2012
	Benefits earned	Plan amendment	Plan curtailments	Plan settlements	Actuarial losses recognized	Net benefit expense	Interest cost	Total
								Total Restated ⁽¹⁾
Veterans' disability and other future benefits	862	501			2,114	3,477	1,311	4,788
Royal Canadian Mounted Police disability and other future benefits	258				262	520	165	685
Public Service Health Care Plan	1,369				1,291	2,660	797	3,457
Pensioners' Dental Services Plan	143				85	228	99	327
Severance and other benefits	225	27	(151)	146	398	645	149	794
Sick leave benefit plan	262				5	267	41	308
Workers' compensation	216				20	236	28	264
Total	3,335	528	(151)	146	4,175	8,033	2,590	10,623
								7,982

(1) Certain comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

Other Liabilities

Other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated

Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Canada Pension Plan

The Canada Pension Plan (the Plan) is a compulsory and contributory social insurance program which is designed to provide a measure of protection to Canadian workers and their families against loss of earnings due to retirement, disability or death. Established in 1965, the Plan operates in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all pensions, benefits and expenditures incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from investment returns.

As administrator, the Government's authority to spend is limited to the Plan's net assets. At March 31, 2013, the fair value of the Plan's net assets is \$187.7 billion (\$166.0 billion in 2012).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by the Canada Pension Plan legislation to record all amounts to be credited to the Account as well as all amounts to be charged to the Account, such as

contributions, interests, investment income or loss from the CPP Investment Board (the Board), pension benefits and operating expenses of the Plan. It also records the amounts transferred to or received from the Board. The Board operates at arm's length from the Government and invests in a diversified portfolio of securities.

Amendments to the *Canada Pension Plan Act* and the *Canada Pension Plan Investment Board Act* that became effective April 1, 2004 provide for weekly transfers to the Board of any amounts held in the Account that exceed the immediate obligation of the Plan. It also allows interest to be either credited to or charged to the Account based on its closing position.

Table 6.29 presents a reconciliation between the net assets shown in the Plan's financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

Table 6.29
Due to Canada Pension Plan

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Canada Pension Plan balance per audited financial statements —				
Assets available for benefit payments	165,995,979,022	57,904,073,905	36,176,232,255	187,723,820,672
Less: Receivables, net of liabilities	4,222,272,058	4,391,451,249	4,222,272,058	4,391,451,249
Accumulated net income from Canada Pension Plan Investment Board's operations	49,287,000,000	16,246,000,000		65,533,000,000
	112,486,706,964	37,266,622,656	31,953,960,197	117,799,369,423
Less: transfers to Canada Pension Plan Investment Board	112,348,998,161	26,299,654,338	31,681,718,436	117,731,062,259
Deposit with the Receiver General for Canada	137,708,803	63,566,276,994	63,635,678,633	68,307,164

Receipts and other credits include:

- (a) contributions at the combined employer and employee rates of 9.9 percent of pensionable earnings for the 2012 and 2013 calendar years, subject to maximum combined contributions of \$4,613 and \$4,712 respectively and contributions to the new post retirement benefit pension according to provisions of Bill C-51 of 2009;
- (b) income from the average daily operating balance deposited with the Receiver General for Canada;
- (c) gains on investments held by the Board; and,
- (d) payments received on overpayments established.

Payments and other charges include:

- (a) pensions and benefits paid under the Plan as retirement and post retirement benefit pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;

- (b) pensions and benefits paid and recovered from the Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Plan, in accordance with reciprocal agreements with other countries;
- (d) costs of administration of the Plan;
- (e) funds transferred to the Board; and,
- (f) losses on investments held by the Board.

For additional information, the financial statements of the Plan are included with other Supplementary Statements at the end of this section. Additional information on the funding of the Plan may also be obtained from the 25th *Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Government annual surplus/deficit.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2013, over 40,955 annuitants held 43,848 active contracts, each annuitant receiving an average payment of \$661.00. During the year, 109 deferred annuities came into payment and another 37 deferred contracts were terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2013, there were 616 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2012-2013 fiscal year, 3,884 annuities were terminated or adjusted as a result of annuitant deaths: 2,562 group certificates and 1,322 individual contracts. The average age at death for males was 87.3 while the female age at death averaged 89.6.

Total income amounted to \$13.1 million, \$13.0 million of which represented interest of 7 percent credited to the Account. Premiums received totaled \$32,482. Total disbursements of \$30.2 million originated mainly from the \$30.1 million in payments made under matured annuities. An amount of \$40,291 was used to refund premiums at death before maturity or when the annuity would have been too small, and \$140,239 was transferred to the Government's revenues as a result of unclaimed annuities.

The opening balance of \$201.6 million was reduced due to charges exceeding income by \$17.3 million during 2012-2013. Since the actuarial reserves required as of March 31, 2013 were only \$183.1 million, an excess amount of \$1.2 million was transferred to the Government's revenues.

Deposit and Trust Accounts

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable se-

curities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.30 presents a summary of the balances and transactions in deposit and trust accounts.

Table 6.30
Deposit and Trust Accounts

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Deposit accounts —				
Agriculture and Agri-Food —				
Contractors' security deposits — Certified cheques	28,600	19,053	28,600	19,053
Canadian Dairy Commission —				
Canadian Dairy Commission account	14,865,812	65,459,094	80,324,906	
Canadian Food Inspection Agency —				
Contractors' security deposits — Cash	73,672			73,672
	14,968,084	65,478,147	80,353,506	92,725
Canada Revenue Agency —				
Guarantee deposits	128,691,752	52,473,882	31,575,907	149,589,727
Less: securities held in trust	140,000			140,000
	128,551,752	52,473,882	31,575,907	149,449,727
Finance —				
Canada Development Investment Corporation —				
Holdback — Privatization	25,928,054	225,596		26,153,650
Canada Hibernia Holding Corporation —				
Abandonment reserve fund	95,088,322	827,346		95,915,668
Swap collateral deposit	1,024,942,055	1,442,562,485	2,270,774,428	196,730,112
	1,145,958,431	1,443,615,427	2,270,774,428	318,799,430
Fisheries and Oceans —				
Guarantee deposits — Fish Habitat Preservation	5,000			5,000
Human Resources and Skills Development —				
Canada Labour Code — Other	97,813	654,332	643,707	108,438
Canada Labour Code — Wage recovery appeals	2,383,123	3,066,067	1,073,803	4,375,387
Fair wages deposit account	587		587	
	2,481,523	3,720,399	1,718,097	4,483,825
Indian Affairs and Northern Development —				
Field British Columbia and Yukon Operations of the				
Northern Canada Power Commission	992,587			992,587
Guarantee deposits	562,048,307	101,984,516	127,666,748	536,366,075
Less: securities held in trust	547,643,396	125,050,876	99,772,984	522,365,504
	14,404,911	227,035,392	227,439,732	14,000,571
Guarantee deposits — Oil and gas	619,823,326	912,972,980	1,398,474,774	125,321,532
Less: securities held in trust	609,944,963	1,398,474,750	910,797,821	122,268,034
	878,363	2,311,447,730	2,309,272,595	3,053,498
Guarantee deposits — Reserve resources	766,953			766,953
Special accounts — Section 63, <i>Indian Act</i>	87,631	30,810,316	30,897,947	
Less: deposits in special bank accounts	87,631	30,770,410	30,682,779	
		61,580,726	61,580,726	
	17,042,814	2,600,063,848	2,598,293,053	18,813,609
Justice —				
Courts Administration Service —				
Security for costs	64,131	19,387	34,035	49,483
Supreme Court of Canada —				
Security for costs	390,520	1,186	511	391,195
	454,651	20,573	34,546	440,678
Natural Resources —				
Guarantee deposits — Oil and gas	513,217,366	330,865,567	6,715,981	837,366,952
Less: securities held in trust	508,634,845	2,502,731	326,573,317	832,705,431
	4,582,521	333,368,298	333,289,298	4,661,521
Privy Council —				
Chief Electoral Officer —				
Candidates' and committees' deposits —				
Election and referendum	129,000	20,000	39,000	110,000

Table 6.30

Deposit and Trust Accounts — Concluded

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Public Safety and Emergency Preparedness —				
Canada Border Services Agency —				
Guarantee deposits	11,873,415	4,433,015	4,244,646	12,061,784
Less: securities held in trust	113,300		113,300	
	11,760,115	4,433,015	4,131,346	12,061,784
General security deposits	5,471,817	203,988		5,675,805
Immigration guarantee fund	24,779,963	7,294,838	7,751,236	24,323,565
Temporary deposits received from importers	978,559	700,101	697,578	981,082
	42,990,454	12,631,942	12,580,160	43,042,236
Royal Canadian Mounted Police —				
Contractors' security deposits — Cash	359,603		359,603	
Guarantee deposits		2,800	2,800	
	43,350,057	12,634,742	12,942,563	43,042,236
Public Works and Government Services —				
Contractors' security deposits — Cash	4,869,825	1,939,871	1,743,381	5,066,315
Deposits on disposals	1,069,342	7,072,419	7,503,369	638,392
Seized property — Cash	78,357,435	31,422,182	34,053,325	75,726,292
	84,296,602	40,434,472	43,300,075	81,430,999
Other departments and agencies —				
Contractors' security deposits —				
Bonds	2,688,241		2,688,241	
Less: securities held in trust	2,688,241	2,688,241		
		2,688,241	2,688,241	
Cash	4,352,895	9,173,721	7,810,764	5,715,852
Total deposit accounts	1,446,173,330	4,561,003,509	5,380,131,237	627,045,602
Trust accounts —				
Human Resources and Skills Development —				
Indian Residential Schools Settlement Agreement —				
Common Experience Payments	337,165,280	2,879,031	15,197,631	324,846,680
Indian Affairs and Northern Development —				
Indian band funds —				
Capital accounts, Table 6.31	648,356,131	146,268,572	148,469,674	646,155,029
Revenue accounts, Table 6.32	233,746,880	77,915,631	97,911,448	213,751,063
	882,103,011	224,184,203	246,381,122	859,906,092
Indian estate accounts	19,128,178	9,867,988	6,377,189	22,618,977
Indian savings accounts	36,750,068	2,868,977	3,922,617	35,696,428
Other trust account	1,098,644	784,351		1,882,995
	939,079,901	237,705,519	256,680,928	920,104,492
Industry —				
Restitutions under the Competition Act	1,952			1,952
National Defence —				
Estates — Armed services	284,152	1,815,194	1,545,892	553,454
Public Safety and Emergency Preparedness —				
Canadian Security Intelligence Service —				
Scholastic awards	27,131	235	500	26,866
Correctional Service of Canada —				
Inmates' trust fund	17,620,038	45,857,589	45,015,934	18,461,693
Royal Canadian Mounted Police —				
Benefit trust fund	2,160,552	52,696	70,461	2,142,787
	19,807,721	45,910,520	45,086,895	20,631,346
Veterans Affairs —				
Administered accounts	144,940	97,520	86,301	156,159
Estates fund	529,637	7,285	142,412	394,510
Veterans administration and welfare trust fund	1,615,490	224,327	305,603	1,534,214
	2,290,067	329,132	534,316	2,084,883
Total trust accounts	1,298,629,073	288,639,396	319,045,662	1,268,222,807
Total deposit and trust accounts	2,744,802,403	4,849,642,905	5,699,176,899	1,895,268,409

Contractors' security deposits — Certified cheques — Agriculture and Agri-Food

This account was established to record contractors' security deposits that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

Contractors' security deposits — Cash — Canadian Food Inspection Agency

This account was established to record contractors' security deposits that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Guarantee deposits — Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of Goods and Services Tax (GST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Canada Revenue Agency are made up of cash deposited to the Consolidated Revenue Fund.

Holdback — Privatization — Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Abandonment reserve fund — Canada Hibernia Holding Corporation

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

Swap collateral deposit

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

Included in this account is \$194 million US.

Guarantee deposits — Fish Habitat Preservation

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

Canada Labour Code — Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are wage payments ordered by a Labour inspector in settlement of a wages dispute, which the employer has chosen to pay to the Minister of Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

Canada Labour Code — Wage recovery appeals

This account was established to record amounts received under the provisions of section 251.1 of the Canada Labour Code Part III. This requires federally regulated employers who wish to appeal a payment order made by a Labour inspector regarding wages due to employees, to forward the amounts due to the Minister of Labour for deposit. They are held until the appeal is completed and the adjudicator has directed payment of the disputed amount to the employee or return to the employer. Deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

Fair wages deposit account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits — Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act* and of the *North-west Territories Waters Act* and various regulations under the *Territorial Lands Act* and the *Mackenzie Valley Resource Management Act*. Interest is not allowed on cash deposits.

Guarantee deposits — Oil and gas — Indian Affairs and Northern Development

This account was established to record securities in the form of cash, promissory notes, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to an interest issued in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits — Reserve resources

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*. Interest is allowed on cash deposits.

Special accounts — Section 63, *Indian Act*

This account was established to record funds held for Indians in authorized banks across Canada. These funds include such items as deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands. This is a non interest bearing account.

During the year, the account was closed.

Security for costs — Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

Security for costs — Supreme Court of Canada

This account was established to record security to the value of \$500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits — Oil and gas — Natural Resources

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Candidates' and committees' deposits — Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non tax revenues.

Guarantee deposits — Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with section 148 of the *Immigration and Refugee Protection Act*.

Immigration guarantee fund

This account was established to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown pursuant to sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

Contractors' security deposits — Cash — Royal Canadian Mounted Police

This account was established to record contractors' security deposits that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Guarantee deposits — Royal Canadian Mounted Police

This account was established to record cash securities received as part of a contract agreement.

Contractors' security deposits — Cash — Public Works and Government Services

This account was established to record contractors' security deposits that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Deposits on disposals

This account was established in accordance with the terms and conditions of the Real Property Disposition Revolving Fund to record receipts on disposals of properties.

Seized property — Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

Contractors' security deposits — Other departments and agencies

This account was established to record contractors' security deposits that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Indian Residential Schools Settlement Agreement — Common Experience Payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments to eligible former students of recognized Indian Residential Schools. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by Indian Affairs and Northern Development and Human Resources and Skills Development.

Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

Table 6.31

Indian band funds — Capital Accounts

	2012-2013	2011-2012
	\$	\$
Opening balance.....	648,356,131	847,174,241
Receipts and other credits —		
Oil royalties.....	93,165,836	133,640,485
Gas royalties.....	25,840,423	42,045,646
Sundries.....	27,262,313	21,155,789
	146,268,572	196,841,920
	794,624,703	1,044,016,161
Payments and other charges —		
Per capita cash distribution.....	15,964,167	22,826,654
Transfer pursuant to section 64 of the Indian Act.....	132,067,941	372,044,131
Sundries.....	437,566	789,245
	148,469,674	395,660,030
Closing balance.....	646,155,029	648,356,131

Table 6.32

Indian band funds — Revenue Accounts

	2012-2013	2011-2012
	\$	\$
Opening balance.....	233,746,880	244,753,616
Receipts and other credits —		
Government interest.....	21,541,176	27,938,832
Court award and settlements.....	4,465,107	
Land and other claim settlements.....	35,000	6,565,980
Sundries.....	51,874,348	41,286,334
	77,915,631	75,791,146
	311,662,511	320,544,762
Payments and other charges —		
Per capita cash distribution.....	3,077,747	1,455,634
Transfer pursuant to section 69 of the Indian Act.....	92,012,792	76,615,788
Sundries.....	2,820,909	8,726,460
	97,911,448	86,797,882
Closing balance.....	213,751,063	233,746,880

Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, mentally incompetent Indians and missing Indians pursuant to sections 42 to 51 and 52.3 of the *Indian Act*.

Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

Other trust account

This account was established pursuant to the Claim 138 Settlement Agreement to deposit Manitoba Hydro's instalments due to Canada, as per the 1988 Infrastructure Agreement and article 6.2 of the 1977 Northern Flood Agreement, for the portion applicable to the First Nation. The money received by Manitoba Hydro will be kept in this account until the conclusion of the Claim 138 Settlement Agreement.

Restitutions under the Competition Act

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

Estates — Armed services

This account was established to record the service estates pursuant to section 42 of the *National Defence Act* of officers and non-commissioned members who die during their service in the Canadian Forces. Under the administration of the Judge Advocate General, in his capacity as Director of Estates, net assets of estates are distributed to the lawful representative of the personal estate.

Scholastic awards

This account was established to record donations of \$26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: (a) pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and, (b) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

Veterans administration and welfare trust fund

This account was established to record donations, legacies, gifts, bequests, etc., received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.33 presents a summary of the balances and transactions for all other specified purpose accounts.

Table 6.33
Other Specified Purpose Accounts

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Insurance and death benefit accounts —				
Human Resources and Skills Development —				
Civil service insurance fund	5,050,174	567	178,334	4,872,407
National Defence —				
Regular Force Death Benefit Account, Table 6.34	190,303,098	29,902,641	28,643,838	191,561,901
Treasury Board —				
Public Service Death Benefit Account, Table 6.35	3,080,791,499	281,315,365	153,864,830	3,208,242,034
Veterans Affairs —				
Returned soldiers' insurance fund	7,266	1,925	1,220	7,971
Veterans insurance fund	3,138,265	95	654,402	2,483,958
	3,145,531	2,020	655,622	2,491,929
Total insurance and death benefit accounts	3,279,290,302	311,220,593	183,342,624	3,407,168,271
Pension accounts —				
Foreign Affairs and International Trade —				
Locally engaged contributory pension account	228,658		80,389	148,269
Human Resources and Skills Development —				
Annuities agents' pension account	421	411	705	127
Public Safety and Emergency Preparedness —				
Royal Canadian Mounted Police —				
Dependants' pension fund	24,169,509	1,301,417	2,794,044	22,676,882
Total pension accounts	24,398,588	1,301,828	2,875,138	22,825,278
Other accounts —				
Agriculture and Agri Food —				
AgriInvest Program	56,716,041	314,012,845	348,899,263	21,829,623
AgriStability Program	58,845,727	69,073,667	77,562,593	50,356,801
Canadian Food Inspection Agency —				
Shared-cost agreements	1,531,921	870,665	1,489,895	912,691
	117,093,689	383,957,177	427,951,751	73,099,115
Atlantic Canada Opportunities Agency —				
Federal/provincial agreement — Advance account	496,138	483,340	823,564	155,914
Canada Revenue Agency —				
Deposits/Disbursements — Worker's Compensation Board ...	980,404	249,215,448	249,486,318	709,534
Canadian Heritage —				
Miscellaneous projects deposits	148,238		67,042	81,196
Library and Archives of Canada —				
Special Operating Account	314,383	119,008	69,841	363,550
Telefilm Canada —				
Advance account	41,088,350	136,921,956	132,449,264	45,561,042
	41,550,971	137,040,964	132,586,147	46,005,788
Citizenship and Immigration —				
Immigrant investor program	191,520,093	842,720,151	857,572,000	176,668,244
Environment —				
Parks Canada Agency —				
Miscellaneous projects deposits	873,758	1,509,935	152,848	2,230,845

Table 6.33
Other Specified Purpose Accounts — *Continued*

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Finance —				
Common school funds — Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	179,020			179,020
War claims fund — World War II	4,236			4,236
	2,861,027			2,861,027
Fisheries and Oceans —				
Federal/provincial cost sharing agreements	263,448	654,810	468,613	449,645
Miscellaneous projects deposits	42,908,514	9,938,088	20,107,972	32,738,630
Sales of seized assets	942,149	472,165	353,445	1,060,869
	44,114,111	11,065,063	20,930,030	34,249,144
Foreign Affairs and International Trade —				
Canada Foundation account	332,493			332,493
Less: securities held in trust	316,618			316,618
deposits in a special bank account	15,875			15,875
Financial assistance to Canadians abroad	168,100	1,072,564	1,083,003	157,661
Funds from non governmental organizations	3,287,481	10,017,382	9,426,549	3,878,314
Shared cost projects	10,253,342	6,452,570	7,341,820	9,364,092
Canadian International Development Agency —				
Shared cost projects — Support to various programs	538,741	86,873	20,670	604,944
	14,247,664	17,629,389	17,872,042	14,005,011
Health —				
Collaborative research projects	3,095,944	860,120	1,350,380	2,605,684
Miscellaneous federal/provincial projects	1,762,324	56,561	126,014	1,692,891
World Health Organization	104,553	11,644	7,487	108,710
Public Health Agency of Canada —				
Collaborative research projects	1,192,834	303,973	316,039	1,180,768
Miscellaneous federal/provincial projects	986,197			986,197
	7,141,852	1,232,318	1,799,920	6,574,250
Human Resources and Skills Development —				
Canada Millennium Scholarship Foundation				
Excellence Awards	3,171,305		2,234,524	936,781
Federal/provincial collaborative agreement	148,020	44,908,008	45,047,311	8,717
Federal/provincial shared cost project	506,901	52,998	155,607	404,292
Federal/provincial shared cost project —				
Interprovincial Computerized Examination				
Management System (ICEMS)	2,509,073	1,099,075	702,021	2,906,127
Labour standards suspense account	1,511,334	6,523	743	1,517,114
Provincial funding for collaborative arrangement —				
Labour Market Development Agreement (LMDA) —				
British Columbia	6,618,531	2,600,000	9,218,531	
Provincial funding for collaborative arrangement —				
Labour Market Development Agreement (LMDA) —				
Newfoundland and Labrador	8,858,025	91,210,500	90,714,701	9,353,824
Provincial funding for collaborative arrangement —				
Labour Market Development Agreement (LMDA) —				
Nova Scotia	4,193,166	4,500,000	8,693,166	
Provincial funding for collaborative arrangement —				
Labour Market Development Agreement (LMDA) —				
Ontario	887		887	
Provincial funding for collaborative arrangement —				
Labour Market Development Agreement (LMDA) —				
Yukon Territory	442,433	1,161,000	1,603,433	
Canadian Centre for Occupational Health and Safety —				
Shared-cost agreements	42,500		42,500	
	28,002,175	145,538,104	158,413,424	15,126,855

Table 6.33
Other Specified Purpose Accounts — Continued

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Indian Affairs and Northern Development —				
Indian band funds —				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian compensation funds	222,340	272,712	495,052	
Indian moneys suspense account	56,770,037	37,059,653	42,550,576	51,279,114
Indian special accounts	394,953	4,582		399,535
Non-Indian moneys	1,627,453	2,295,957	4,457,985	(534,575)
Special account — Insurance money to reconstruct Babine Mill		39,040,000	39,040,000	
	59,014,783	78,672,904	86,543,613	51,144,074
Industry —				
Canada/Provinces Business Service Centre	171,660		171,660	
Income from securities in trust — Bankruptcy and Insolvency Act	52,031			52,031
Petro-Canada Enterprises Inc. — Unclaimed shares	689,150			689,150
Securities in trust — Bankruptcy and Insolvency Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Shared cost/joint project agreements — Research	94,107	100,000	110,043	84,064
Shared cost projects	910,787	532,248	384,224	1,058,811
Unclaimed dividends and undistributed assets —				
Bankruptcy and Insolvency Act	23,231,193	2,281,654	761,025	24,751,822
Canada Business Corporations Act	9,206,427	90,488	61,069	9,235,846
Winding-up and Restructuring Act	1,907,518	279,703		2,187,221
Canadian Space Agency —				
Radarsat	97,461			97,461
Statistics Canada —				
Project deposits	3,200,000	91,178,883	93,465,169	913,714
	39,560,334	94,462,976	94,953,190	39,070,120
Justice —				
Courts Administration Service —				
Special account	6,465,337	1,761,543	1,499,885	6,726,995
National Defence —				
Foreign governments —				
United Kingdom —				
British Army — Suffield, Alberta	6,838,767	6,742,033	12,210,261	1,370,539
Security			614,613	1,908,686
Joint research and development projects	2,523,299		144,020	4,298,736
Non-government agencies	3,830,996	611,760		1,590,662
Other Non-Statutory Specified Purpose Accounts		1,590,662		
Communications Security Establishment —				
Foreign Partners —				
Security	2,253,491	636,386	887,460	2,002,417
	15,446,553	9,580,841	13,856,354	11,171,040
Natural Resources —				
Market development incentive payments — Alberta	4,585,110		1,077,695	3,507,415
Newfoundland Offshore Revenue Account		484,203,251	484,203,251	
Nova Scotia Offshore Revenue Account		51,510,810	51,510,810	
Shared cost agreements — Research	4,432,604	1,901,505	2,278,474	4,055,635
Shared cost projects	4,524,109	478,674	4,021,296	981,487
Canadian Nuclear Safety Commission —				
Security equipment purchases	27,385	19,037	43,973	2,449
	13,569,208	538,113,277	543,135,499	8,546,986
Privy Council —				
Shared cost projects — Media travel expenses	163,462	547,861	590,810	120,513
Public Safety and Emergency Preparedness —				
Royal Canadian Mounted Police —				
Joint research and development projects	1,394,578		297,883	1,096,695
Seized assets — Canadian funds	650,222		650,222	
	2,044,800		948,105	1,096,695

Table 6.33

Other Specified Purpose Accounts — Concluded

	April 1/2012	Receipts and other credits	Payments and other charges	March 31/2013
	\$	\$	\$	\$
Public Works and Government Services —				
Credit card — Special project fund	924,992			924,992
Francophone Summits	19,622		19,622	
Military purchases excess funds deposit	205,892,874		18,295,039	187,597,835
Less: securities held in trust	205,892,874	18,295,039	18,295,039	187,597,835
	944,614	18,295,039	18,314,661	924,992
Transport —				
Shared-cost agreements — Remediation projects		24,540,000		24,540,000
Veterans Affairs —				
Shared-cost agreements	14,862	99,283	103,768	10,377
Total	586,105,835	2,556,465,613	2,627,533,929	515,037,519
Less: consolidation adjustment ⁽¹⁾	41,088,350		4,472,650	45,561,000
Total other accounts	545,017,485	2,556,465,613	2,632,006,579	469,476,519
Total other specified purpose accounts	3,848,706,375	2,868,988,034	2,818,224,341	3,899,470,068

⁽¹⁾ Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Civil service insurance fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively.

The number of policies in force as of March 31, 2013 was 784 and the average age of the policyholders was 91.6 years. During the year, premiums of \$567 were received. Death benefits, settlement annuities and premium refunds of \$199,278 were paid during 2012 2013.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at \$4,872,407 as at March 31, 2013. The balance in the Account as at March 31, 2013 is \$4,863,970. The deficit as at March 31, 2013 is therefore \$8,437. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of \$8,437 has therefore been credited to the Account in 2012 2013.

Regular Force Death Benefit Account

This account was established by the *Canadian Armed Forces Superannuation Act* to provide life insurance to contributing members and former members of the Canadian Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution paid in respect of participants; (c) single premiums payable by the Government in respect of participants who became entitled to a basic benefit of \$5,000 without contribution; and (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants; (b) benefits paid in respect of elective; and (c) the portion of benefit payable for which a single premium has been paid by the Government.

Table 6.34
Regular Force Death Benefit Account

	2012 2013	2011 2012
	\$	\$
Opening balance	190,303,098	191,894,345
Receipts and Other Credits —		
Contributions by personnel	16,983,196	16,553,156
Government's contribution	1,794,764	2,022,716
Single premiums payable by the Government in respect of regular force participants who became entitled to a basic benefit of \$5,000 without contribution	620,511	528,448
Interest	10,504,170	11,135,236
	29,902,641	30,239,556
	220,205,739	222,133,901
Payments and Other Charges —		
Benefits paid in respect of participants who, at the time of death, were members of the regular force, or who were elective regular force participants	28,643,838	31,830,803
Closing balance	191,561,901	190,303,098

Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and (b) benefits of \$10,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for \$10,000 death benefit coverage for life has been made.

Table 6.35
Public Service Death Benefit Account

	2012-2013	2011-2012
	\$	\$
Opening balance	3,080,791,499	2,960,956,312
Receipts and Other Credits —		
Contributions —		
Employees —		
Government and Public Service corporations	95,496,841	95,086,508
Government —		
General	9,806,738	10,304,111
Single premium for \$10,000	2,684,589	2,288,074
Public Service corporations	1,264,435	1,215,734
Interest	172,062,762	175,023,297
	281,315,365	283,917,724
	3,362,106,864	3,244,874,036
Payments and Other Charges —		
Benefit payments —		
General	117,525,672	123,575,276
Life coverage for \$10,000	36,183,978	40,433,206
Other death benefit payments	155,180	74,055
	153,864,830	164,082,537
Closing balance	3,208,242,034	3,080,791,499

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act* to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2012, of \$1.925 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

Veterans' insurance fund

This fund was established by the *Veterans' Insurance Act* to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2012, of \$104,740 was charged to the account during the year and was credited to revenues. The final date on which application for this insurance could have been received was October 31, 1968.

Locally engaged contributory pension account

This account was established to record benefits paid to locally engaged staff hired prior to March 1, 2009 at the Canadian High Commission in Guyana upon termination of their employment. The specified purpose account was established following the liquidation of CLICO Life and General Insurance Company (South America) Limited.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

Dependants' pension fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

AgriInvest Program

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producers specified purpose accounts are then drawn down as AgriInvest account holders request withdrawals or when the funds are transferred to a financial institution.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

AgriStability Program

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

Shared-cost agreements — Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Federal/provincial agreement — Advance account

This account was established to record deposits from non federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Deposits/Disbursements — Worker's Compensation Board

This account was established under the authority of the *Canada Revenue Agency Act* and the *Worker's Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Worker's Compensation Board of Nova Scotia, as part of a partnership arrangement between the CRA and the Board.

Miscellaneous projects deposits — Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that (a) the account be credited with funds received for the purpose of the Library and Archives Canada by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Advance account — Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years the revenues and recoveries generated from projects funded by Telefilm Canada.

Immigrant investor program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the *Immigration and Refugee Protection Regulations*. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

Miscellaneous projects deposits — Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

Common school funds — Ontario and Quebec

This account was established under *12 Victoria 1849, Chapter 200*, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on the public debt.

Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War claims fund — World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50 percent of the original award (PC 1958 1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost shared programs according to official signed agreements.

Miscellaneous projects deposits — Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs and International Trade on behalf of third parties.

Shared-cost projects — Foreign Affairs and International Trade

This account was established to record funds received from organizations outside the Government of Canada accounting entity for shared cost projects.

Shared-cost projects — Support to various programs

This account was established to record deposits received and payments made in accordance with authorities for shared cost projects to support various development programs.

Collaborative research projects — Health

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects — Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

Collaborative research projects — Public Health Agency of Canada

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects — Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

Canada Millennium Scholarship Foundation Excellence Awards

The account is established pursuant to Part 4 of the *Budget Implementation Act, 2008*, and to the agreement between the Canada Millennium Scholarship Foundation (CMSF), Human Resources and Skills Development Canada (HRSDC), and Treasury Board, to transfer funds from the CMSF to HRSDC for the purpose of making any remaining payments due to students who are receiving CMSF Excellence Awards where the payment eligibility period extends past the date of dissolution of the CMSF, and for payment of the costs of administering this program on behalf of the CMSF.

The amount transferred was \$14,824,352. HRSDC will administer the remaining Excellence Awards Disbursements until December 31, 2013. After this date, HRSDC will transfer any funds remaining in the account to the Consolidated Revenue Fund, as per Part 4 of the *Budget Implementation Act, 2008*.

Federal/provincial collaborative agreement

This account was established to record amounts received by Human Resources and Skills Development from a province as funding under the provisions of a collaborative agreement with the province.

Federal/provincial shared-cost project — Human Resources and Skills Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost sharing agreement with the federal Government. Disbursements are made to pay the provinces' share of costs per official agreements or to refund unused amounts.

Federal/provincial shared-cost project — Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provinces and territories to pay for the development and annual operating costs of the ICEMS. Advance payments are made pursuant to the "Agreement on a Joint Project to develop and implement an ICEMS" and the Capital Contingency Fund Policy. The costs incurred are charged to the account and any unexpended funds will be returned to the provinces and territories at the end of the ICEMS project.

Labour standards suspense account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — British Columbia

This account was established to record deposits of payments from the Province of British Columbia to Human Resources and Skills Development under the LMDA. The funding provided by the Province was used by Human Resources and Skills Development to make payments to provincial LMDA clients. During the exercise, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Newfoundland and Labrador

This account was established to record deposits of payments from the Province of Newfoundland and Labrador to Human Resources and Skills Development under the LMDA. The funding provided by the Province is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Nova Scotia

This account was established to record deposits of payments from the Province of Nova Scotia to Human Resources and

Skills Development under the LMDA. The funding provided by the Province was used by Human Resources and Skills Development to make payments to provincial LMDA clients. During the exercise, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Ontario

This account was established to record deposits of payments from the Province of Ontario to Human Resources and Skills Development under the LMDA. The funding provided by the Province was used by Human Resources and Skills Development to make payments to provincial LMDA clients. During the previous exercise, the Province began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Province.

Provincial funding for collaborative arrangement — Labour Market Development Agreement (LMDA) — Yukon Territory

This account was established to record deposits of payments from the Yukon Territory to Human Resources and Skills Development under the LMDA. The funding provided by the Territory was used by Human Resources and Skills Development to make payments to territorial LMDA clients. During the exercise, the Territory began to make payments directly to their clients and the unused balance of the specified purpose account was reimbursed to the Territory.

Shared-cost agreements — Canadian Centre for Occupational Health and Safety

This account represents funds contributed to a joint federal/provincial sponsored inquiries service provided by Canadian Centre for Occupational Health and Safety.

Indian band funds — Shares and certificates

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right of way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band.

Indian compensation funds

This holding account was established to record moneys received from the sales of Indian lands and easement compensation where the title has not been cleared nor the land survey completed.

During the year, the account was closed and the funds were transferred to the Indian moneys suspense account.

Indian moneys suspense account

This account was established to hold moneys received for individual Indians and bands, that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

Indian special accounts

Indian special accounts represent a number of non interest bearing accounts which are maintained for specific purpose and include the following:

- (a) Quebec fur account — This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.
- (b) Fines — *Indian Act* — Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

Non-Indian moneys

This account was established as per Article 5.08 (a)(ii) of the Saskatchewan Treaty Land Entitlement Framework Agreement to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties.

Special Account - Insurance money to reconstruct Babine Mill

This account was established pursuant to an agreement between the Department of Indian Affairs and Northern Development and Babine Forest Products Limited. The funds in this account are used to repair the damages caused to the sawmill and other buildings leased by the Department.

Canada/Provinces Business Service Centre

This account was established to record funds received from other provinces under cost-sharing agreements for the Canada Ontario Business Service Centre.

Income from securities in trust — *Bankruptcy and Insolvency Act*

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Petro-Canada Enterprises Inc — Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporation Act* to record the liability to shareholders who have not presented their shares for payment.

Securities in trust — *Bankruptcy and Insolvency Act*

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Shared-cost/joint project agreements — Research

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared cost/joint project agreements.

Shared-cost projects — Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared cost/joint project agreements.

Unclaimed dividends and undistributed assets — *Bankruptcy and Insolvency Act*

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets — *Canada Business Corporations Act*

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets — *Winding-up and Restructuring Act*

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

Radarsat

This account was established to record funds received for both cost sharing and advance payments for Radarsat scenes.

Project deposits — Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Special account — Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Joint research and development projects — National Defence

This account was established to record funds received from other governments and organizations through collaborative relationships where the work is shared between the government of Canada and other laboratories.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non government agencies, for which specific accounts have not been established.

Other Non-Statutory Specified Purpose Account

This account was established to record funds received and payments by the Department of National Defence for the sale of jointly owned assets that must be redistributed to foreign governments.

Foreign Partners

These accounts were established to record funds received from foreign partners, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Market development incentive payments — Alberta

This account records funds received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986; however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

More recently, a new strategy for the expenditure of these funds has been agreed upon. This strategy consists of a 50/50 split for expending the remaining funds in support of natural gas (NG) market expansion activities related to transportation and combined heat and power applications.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland Atlantic Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Newfoundland offshore area with the Province of Newfoundland. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Nova Scotia offshore area with the Province of Nova Scotia. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements — Research — Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared cost research agreements.

Shared-cost projects — Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost sharing scientific projects.

Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

Shared-cost projects — Media travel expenses

This account records medias' (non governmental organizations) reimbursements for travel arrangement services rendered to them.

**Joint research and development projects —
Royal Canadian Mounted Police**

This account was established to record funds received from other government organizations in order to share costs incurred under various research project agreements.

Seized assets — Canadian funds

This account was established to record funds seized during the course of investigations and drug seizures under the Criminal Code of Canada, the *Narcotic Control Act*, the *Food and Drug Act*, the *Customs Act* and the *Excise Act*. The funds are held pending Court decisions.

Credit card — Special project fund

This account was established to record funds received from American Express (AMEX) to improve the Travel Card Program.

Francophone Summits

This account was established to record funding granted since 1994 by the "Agence intergouvernementale de la Francophonie (Paris)", which changed its name in 2006 to the "Organisation internationale de la Francophonie", for projects involving the development of French and partner languages in order to express scientific and technical modernity.

During the year, the account was closed.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Shared-cost agreements — Remediation Projects

This account was established to record funds received from external parties in order to cover expenditures incurred under shared cost remediation projects.

Shared-cost agreements — Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

Supplementary Statements

Canada Pension Plan

Management's Responsibility for Financial Statements

The consolidated financial statements of the Canada Pension Plan are prepared in accordance with Canadian public sector accounting standards by the management of Human Resources and Skills Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements. The financial information presented throughout the Annual Report is consistent with the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Canada Pension Plan the Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, conducts an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment and Social Development.

Ian Shugart
*Deputy Minister
Human Resources and
Skills Development Canada*

Alain P. Séguin, MBA, CPA, CGA
*Chief Financial Officer
Human Resources and
Skills Development Canada*

Gatineau, Canada
August 28, 2013

Canada Pension Plan — Continued

Independent Auditor's Report

To the Minister of Employment and Social Development

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canada Pension Plan as at 31 March 2013, and the results of its operations, changes in its financial assets available for benefit payments, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael Ferguson, CPA, CA
FCA (New Brunswick)
Auditor General of Canada

28 August 2013
Ottawa, Canada

Public Accounts of Canada, 2012-2013
Canada Pension Plan — Continued

Consolidated Statement of Financial Position
as at March 31

(in millions of dollars)

	2013	2012
Financial assets		
Cash (Note 3)	92	151
Receivables (Note 4)	4,999	4,764
Investments (Note 6)	208,971	176,038
Amounts receivable from pending trades (Note 6)	2,580	2,052
	216,642	183,005
Liabilities		
Payables and accrued liabilities (Note 8)	910	786
Investment liabilities (Note 6)	24,301	13,695
Amounts payable from pending trades (Note 6)	3,779	2,587
	28,990	17,068
Financial assets available for benefit payments	187,652	165,937
Non financial assets		
Other assets	72	59
Assets available for benefit payments	187,724	165,996
Actuarial obligation in respect of benefits (Note 13)		
Contractual obligations (Note 14)		
Contingent liabilities (Note 15)		
The accompanying notes are an integral part of these consolidated financial statements.		

Approved by:

Ian Shugart
Deputy Minister
Human Resources and Skills Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Human Resources and Skills Development Canada

Canada Pension Plan — Continued

Consolidated Statement of Operations
for the year ended March 31

(in millions of dollars)

	Budget 2013	Actual 2013	Actual 2012
	(Note 9)		
Revenues			
Contributions	40,154	41,655	38,925
Net investment income (Note 10)			
Realized gains		4,406	2,163
Unrealized gains		8,003	3,449
Interest income		2,582	2,675
Dividend income		1,722	1,792
Other income		985	737
Transaction costs		(177)	(228)
Investment management fees		(782)	(650)
	8,609	16,739	9,938
	48,763	58,394	48,863
Expenses			
Pensions and benefits			
Retirement	26,349	26,624	24,527
Survivor	4,208	4,221	4,093
Disability	3,998	3,948	3,888
Disabled contributor's child	312	305	303
Death	310	313	296
Orphan	237	221	218
Post Retirement		10	
Net overpayments (Note 4)		(52)	(37)
	35,414	35,590	33,288
Operating expenses (Note 12)	953	1,076	1,180
	36,367	36,666	34,468
Net increase in assets available for benefit payments	12,396	21,728	14,395
Assets available for benefit payments, beginning of year	165,996	165,996	151,601
Assets available for benefit payments, end of year	178,392	187,724	165,996

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Financial Assets available for Benefit Payments
for the year ended March 31

(in millions of dollars)

	Budget 2013	Actual 2013	Actual 2012
	(Note 9)		
Net increase in assets available for benefit payments	12,396	21,728	14,395
Changes in other assets		(13)	(12)
Increase in financial assets available for benefit payments	12,396	21,715	14,383
Financial assets available for benefit payments, beginning of year	165,937	165,937	151,554
Financial assets available for benefit payments, end of year	178,333	187,652	165,937

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan — Continued

Consolidated Statement of Cash Flow
for the year ended March 31

(in millions of dollars)

	2013	2012
Operating activities		
Cash receipts		
Contributions	41,428	37,900
Interest on operating balance	3	2
Cash payments		
Pensions and benefits	(35,633)	(33,262)
Operating expenses	(891)	(922)
Cash flows from operating activities	4,907	3,718
Financing activities		
Issuance of debt	38,480	11,857
Repayment of debt	(31,394)	(10,997)
Payment of interest on debt	(71)	(347)
Cash flows from financing activities	7,015	513
Investing activities		
Dividends on investments	1,627	1,656
Interest on investments	2,449	3,121
Other investment income	818	644
Investment management fees	(442)	(638)
Transaction costs	(181)	(218)
Purchases		
Equities	(113,201)	(76,759)
Real Assets	(3,990)	(6,161)
Bonds & Inflation linked bonds	(138,111)	(42,657)
Money market securities and absolute return strategies	(1,504,954)	(877,524)
Other debts	(7,681)	(8,894)
Premises and equipment	(39)	(27)
Disposals		
Equities	108,950	77,709
Real Assets	951	1,793
Bonds & Inflation linked bonds	130,840	44,759
Money market securities and absolute return strategies	1,505,552	876,061
Other debts	5,431	3,021
Cash flows used in investing activities	(11,981)	(4,114)
Net increase (decrease) in cash	(59)	117
Cash, beginning of year	151	34
Cash, end of year	92	151

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013

1. Authority, objective and responsibilities

(a) Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the participating provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada, except Quebec, which operates the Régime de rentes du Québec (RRQ), a comparable program. The CPP's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Minister of Employment and Social Development is responsible for the administration of the CPP, under the legislation *Canada Pension Plan*; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan*. It acts in the best interests of the beneficiaries and contributors under the Act.

In accordance with the *Canada Pension Plan*, the financial activities of the CPP are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *Canada Pension Plan* and its regulations. The CPP's investments are held by the CPPIB. The *Canada Pension Plan Investment Board* (CPPIB) was established pursuant to the *Canada Pension Plan Investment Board Act* (CPPIB Act). The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada.

The CPPIB's transactions are governed by the CPPIB Act and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly owned subsidiaries are exempt from Part I income tax under paragraphs 149(1)(d) and 149 (1)(d.2) of the *Income Tax Act* (Canada) on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose

shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved. The financial statements of the CPPIB are audited annually by an external firm and are included in its annual report.

As stated in the *Canada Pension Plan* and *CPPIB Act*, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

(b) Pensions and Benefits

Retirement pensions – A retirement pension is payable to CPP contributors at age 60 or older, according to the provisions of the Act. The monthly amount is equal to 25 percent of the contributor's average monthly pensionable earnings during the pensionable period. The amount is reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. The maximum new monthly pension payable at age 65 in 2013 is \$1,012.50 (2012 – \$986.67).

Post-Retirement benefits – A post retirement benefit (PRB) pension is payable to each retirement pension recipient who has continued to work and has made contributions to the PRB while between the ages of 60 and 70, according to provisions of Bill C-51 of 2009. The PRB payments to eligible contributors came into effect on January 1st, 2013. The maximum monthly PRB in 2013 is \$25.31.

Disability benefits – A disability benefit is payable to a contributor who is disabled, according to the provisions of the Act. The amount of the disability benefit to be paid includes a flat rate portion and an amount equal to 75 percent of the earned retirement pension. The maximum new monthly disability benefit in 2013 is \$1,212.90 (2012 – \$1,185.50).

Survivor's benefits – A survivor's benefit is payable to the spouse or common law partner (the beneficiary) of a deceased contributor, according to the provisions of the Act. For a beneficiary under the age of 65, the benefit consists of a flat rate portion and an amount equal to 37.5 percent of the deceased contributor's earned retirement pension. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives reduced benefits. For beneficiaries aged 65 and over, the benefit is equal to 60 percent of the retirement pension granted to the deceased contributor. The maximum new monthly benefit payable to a beneficiary in 2013 is \$607.50 (2012 – \$592.00).

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013 — Continued

Disabled contributor's child and orphan benefits — According to the provisions of the Act, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full time. The flat rate monthly benefit in 2013 is \$228.66 (2012 — \$224.62).

Death benefits — According to the provisions of the Act, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The benefit amounts to either 10 percent of the maximum pensionable earnings in the year of death or six times the monthly retirement pension granted to the deceased contributor, whichever is less. The maximum death benefit in 2013 is \$2,500 (2012 — \$2,500).

Pensions and benefits indexation — As required by the Act, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2013 is 1.8 percent (2012 — 2.8 percent).

2. Significant accounting policies

(a) Basis of presentation

These financial statements are presented on a consolidated basis. They include the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of changes in financial assets available for benefit payments and the consolidated statement of cash flow of the CPP and the CPPIB. These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

The CPP, which is managed by both the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

(b) Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if avail-

able, or current fair value of another investment that is substantially the same, discounted cash flow analysis, pricing models and other accepted industry valuation methods.

(c) Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review and adjustments. Adjustments, if any, are recorded as contributions in the year they are known.

Following the legislative change brought by the Bill C-51 of 2009, CPP contributions toward the new PRB are being collected. As of January 1, 2012, Canadians working outside of Quebec who receive CPP or RRQ retirement benefits began making contributions to the PRB. Contributions are mandatory for CPP or RRQ retirement pension recipients aged 60-65. Those between the ages of 65-70 can choose not to contribute. The PRB becomes payable the year after contributions are made.

(d) Investment income

Income from investments is recognized on an accrual basis and includes realized gains and losses from investments, changes in unrealized gains and losses on investments, dividend income, interest income and net operating income from private real estate investments. Dividend income is recognized on the ex-dividend date, which is when the right to receive the dividend has been established. Interest income is recognized using the effective interest rate method. Distributions received from limited partnerships and funds are recognized as interest income, dividend income, other income, realized gains and losses from investments or return of capital, as appropriate.

(e) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and recorded as a component of net investment income.

(f) Investment management fees

Investment management fees are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and recorded as a component of net investment income.

Canada Pension Plan — *Continued*

Notes to Consolidated Financial Statements

for the Year ended March 31, 2013 — *Continued*

(g) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Securities purchased under reverse repurchase agreements represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained when appropriate to protect against credit exposure. In the event of counterparty default, the CPP, through CPPIB, has the right to liquidate the collateral held.

Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities effected with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities sold continue to be recognized as an investment of the CPP, through CPPIB, with any changes in fair value recorded as net gain (loss) on investments (see Note 10).

Reverse repurchase and repurchase agreements are carried on the schedule of investments (see Note 6) at the amounts at which the securities were initially acquired or sold. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is included in investment income (see Note 10).

(h) Securities sold short

Securities sold short represent securities that are sold, but not owned, by the CPP, through the CPPIB. The CPP, through the CPPIB, has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, when appropriate (see Note 6i). Interest and dividend expense on securities sold short are included in investment income (see Note 10).

(i) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year end date with any resulting foreign exchange gain or loss included in net gain (loss) on investments (see Note 10).

(j) Pensions and benefits

Pensions and benefits expenses are recorded when incurred or reasonably estimated.

(k) Tax deductions due to Canada Revenue Agency

Tax deductions due to CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries (see Note 8).

(l) Net overpayments

Net overpayments are comprised of overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(m) Operating expenses

Operating expenses are recorded as incurred.

(n) Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

(o) Measurement uncertainty

The preparation of consolidated financial statements in accordance with PSAS requires management to make certain estimates and assumptions that affect the reported values of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and fair values of investments since these determinations include estimates of expected future cash flows, rates of return and the impact of future events. Actual results could differ from those estimates.

(p) Future changes in accounting standards

Financial instruments

The Public Sector Accounting Board (PSAB) has recently issued new sections that are required to be applied concurrently to fiscal years beginning on or after April 1, 2015. The CPP is currently analyzing the impact of these new standards on its consolidated financial statements:

i. Financial instruments

The new section 3450 (financial instruments) establishes standards for recognizing and measuring financial assets, financial liabilities and non financial derivatives. Items within the scope of the section are assigned to one of two measurement categories: fair value, cost or amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Other financial assets and financial liabilities will generally be measured at cost or amortized cost, unless the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, then the entity may include those items in the fair value category. Until an item is derecognized, gains and losses arising as a result of fair value remeasurement will be reported in the Consolidated Statement of Remeasurement Gains and Losses.

ii. Foreign currency translation

The revised section 2601 (foreign currency translation) requires that remeasurement gains and losses on foreign currency translation be reported in a new Consolidated Statement of Remeasurement Gains and Losses until such time as the financial instrument is derecognized, at which point, the accumulated remeasurement gain and loss is recognized in the Consolidated Statement of Operations.

iii. Financial statement presentation

The revised section 1201 (financial statements presentation) establishes the general principles and information standards applicable to consolidated financial statements. It requires that remeasurement gains and losses be reported in a new statement. Also, the assets available for benefit payments will be presented as the total of the net increase in assets available for benefit payments for the year and the accumulated remeasurement gains and losses.

International Financial Reporting Standards

The CPPIB, which is a significant component of the CPP consolidated financial statements, is set to transition to International Financial Reporting Standards (IFRS) for the fiscal year starting April 1, 2014. Any adjustments made by CPPIB in its financial statements upon transition to IFRS will need to be analyzed by the CPP to determine whether or not a PSAS conforming adjustment is necessary.

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the Canada Pension Plan to record the contributions, interest, pensions, benefits and operating expenses of the CPP. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2013, the deposit with the Receiver General for Canada in the CPP Account is \$68 million (2012 — \$138 million) and CPPIB's cash is \$24 million (2012 — \$13 million) for a total of \$92 million (2012 — \$151 million).

4. Receivables

Receivables are comprised of the following:

	2013	2012
	(in millions of dollars)	
Contributions	4,847	4,620
Régime de rentes du Québec	106	109
Beneficiaries		
Balance of pensions and		
benefits overpayments	134	116
Allowance for doubtful accounts	(88)	(81)
	4,999	4,764

Contributions receivable represent the estimated amount to be collected from CRA relating to contributions earned at year end and adjusted for tax returns not yet assessed.

The CPP has procedures to detect overpayments. During the year, overpayments totalling \$58 million (2012 — \$41 million) were established and debts totalling \$6 million (2012 — \$4 million) were forgiven as per the remission provisions of the *Canada Pension Plan*. A further \$34 million (2012 — \$33 million) was recovered through collection of payments and withholdings from beneficiaries.

5. Investment activities risk management

The CPP, through the investment activities carried out by CPPIB, is exposed to a variety of financial risks as a result of its investment activities. These risks include market risk, credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is contained within the investment policies and approved by the Board of Directors at least once every fiscal year. This framework contains risk limits and risk management provisions that govern investment decisions. It has been designed to achieve the mandate of the CPPIB, which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013 — Continued

An active risk limit is included within the Risk/Return Accountability Framework, which represents a limit on the amount of investment risk that the CPPIB can take relative to the CPP Reference Portfolio. The CPP Reference Portfolio is approved by the Board of Directors and serves as a performance benchmark against which the CPPIB's value added activities are measured. It represents a low cost strategic alternative to the CPP Investment Portfolio. The objective of the CPPIB is to create value added investment returns greater than the returns that would be generated by the CPP Reference Portfolio. The CPPIB monitors the active risk in the CPP Investment Portfolio daily and reports active risk exposures to the Board of Directors on at least a quarterly basis.

- i. *Market Risk:* Market risk (including currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of an investment or investment liability will fluctuate because of changes in market prices and rates.

Currency Risk: The CPPIB is exposed to currency risk through holdings of investments or investment liabilities in various currencies.

In Canadian dollars, the net underlying currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

(in millions of dollars)	2013		2012	
	Net exposure	% of total	Net exposure	% of total
United States Dollar	62,098	57	55,090	56
Euro	14,985	14	13,413	14
British Pound Sterling	8,184	8	8,933	9
Australian Dollar	5,671	5	4,689	5
Japanese Yen	5,330	5	4,166	4
Hong Kong Dollar	2,581	2	2,326	2
Swiss Franc	1,251	1	969	1
Chilean Pesos	1,206	1		
Brazilian Real	854	1	613	1
Other	6,733	6	7,387	8
	108,893	100	97,586	100

Interest Rate Risk: Interest rate risk is the risk that the fair value or future cash flows of an investment or investment related liability will fluctuate because of changes in market interest rates.

Other Price Risk: Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices arising primarily from equity price risk, commodity price risk and credit spread risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

- ii. *Credit Risk:* Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPPIB's most significant exposure to credit risk is through its investment in debt securities and over the counter derivatives (as discussed in Note 6f). The carrying amounts of these investments as presented in Note 6 represent the maximum credit risk exposure at the balance sheet date.

- iii. *Liquidity Risk:* Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost effective manner to meet investment commitments and investment liabilities as they come due. The CPPIB manages liquidity risk through its ability to raise funds through the issuance of commercial paper, transacting in securities sold under repurchase agreements and drawing on unsecured credit facilities (see Note 6 and 7). The CPPIB also has the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly traded equities, money market securities, marketable bonds and inflation linked bonds.

The CPPIB is also exposed to liquidity risk through its responsibility for providing cash management services to the CPP (see Note 17). In order to manage liquidity risk associated with this short-term cash management program, certain assets are segregated and managed separately. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements

for the Year ended March 31, 2013 — Continued

6. Investments and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve their mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

The CPPIB's investments are grouped by asset class based on risk/return characteristics of the investment strategies of the underlying portfolios. The investments, before allocating derivative contracts, associated money market securities and other investment receivables and liabilities to the asset classes to which they are related, are as follows:

	2013	2012
	(in millions of dollars)	
Equities		
Canada	7,039	7,246
Foreign developed markets	64,486	52,684
Emerging markets	10,313	9,582
Total equities	81,838	69,512
Fixed income		
Bonds	52,331	40,899
Inflation linked bonds	424	1,050
Other debts	10,215	9,263
Money market securities	19,991	18,347
Total fixed income	82,961	69,559
Absolute return strategies	9,028	6,915
Real assets		
Private real estate	21,840	18,996
Infrastructure	11,069	9,427
Total Real assets	32,909	28,423
Investment receivables		
Securities purchased under reverse repurchase agreements	630	
Accrued interest	725	578
Derivatives receivables	742	880
Dividends receivables	138	171
Total investment receivables	2,235	1,629
Total investments	208,971	176,038
Investment liabilities		
Securities sold under reverse repurchase agreements	(2,180)	
Securities sold short	(9,715)	(8,596)
Debt financing liabilities	(9,543)	(2,408)
Debt on private real estate properties	(1,918)	(1,880)
Derivatives liabilities	(945)	(811)
Total investment liabilities	(24,301)	(13,695)
Amounts receivable from pending trades	2,580	2,050
Amounts payable from pending trades	(3,779)	(2,587)
Net investments	183,471	161,808

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013 — Continued

(a) Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

- i. Public equity investments are made directly or through funds. As at March 31, 2013, public equities include fund investments with a fair value of \$3,657 million (2012 – \$2,811 million).
- ii. Private equity investments are generally made directly or through ownership in limited partnership arrangements, which have a typical term of 10 years. The private equity investments represent equity ownerships or investments with the risk and return characteristics of equity. As at March 31, 2013, private equities include direct investments with a fair value of \$9,803 million (2012 – \$6,676 million).

(b) Fixed income

- i. Bonds consist of non-marketable and marketable bonds.

The non-marketable bonds issued by the provinces prior to 1998 have rollover provisions attached to them by the Act, which permit each issuer, at its option, to roll over the bonds on maturity for a further 20-year term at a rate based on capital markets borrowing rates for that province existing at the time of rollover. The non-marketable bonds are also redeemable before maturity at the option of the issuers.

In lieu of exercising its statutory rollover right described in the preceding paragraph, agreements between the CPPIB and the provinces permit each province to repay the bond and concurrently cause the CPPIB to purchase a replacement bond or bonds in a total principal amount not exceeding the principal amount of the maturing security for a term of not less than five years and not more than 30 years. Such replacement bonds contain rollover provisions that permit the issuer, at its option, to roll over the bond for successive terms of not less than five years and subject in all cases to the maximum 30 years outside maturity date. The replacement bonds are also redeemable before maturity at the option of the issuers.

- ii. Other debt consists of investments in direct private debt, asset backed securities, intellectual property, royalties, distressed mortgage funds and private debt funds.

(c) Absolute return strategies

Absolute return strategies consist of investments in funds and internally managed portfolios whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds and the internally managed portfolios could include, but are not limited to, equities, fixed income securities and derivatives.

(d) Real assets

- i. The CPPIB obtains exposure to real estate through direct investments in privately held real estate and real estate funds.

Private real estate investments are managed on behalf of the CPPIB by investment managers primarily through co-ownership arrangements. As at March 31, 2013, these investments include assets of \$21,840 million (2012 – \$18,996 million) and \$1,918 million of secured debt (2012 – \$1,880 million). The terms to maturity of the undiscounted principal repayments of the secured debt vary from less than a year to more than ten years.

- ii. Infrastructure investments are generally made directly, but can also occur through limited partnership arrangements that have a typical term of 10 years. As at March 31, 2013, infrastructure includes direct investments with a fair value of \$10,883 million (2012 – \$9,116 million).

(e) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

The terms to maturity of the securities purchased under reverse repurchase agreements, as at March 31, 2013, are as follows: within 1 month, \$630 million (2012 – \$nil); 1 month to 1 year, \$nil (2012 – \$nil).

The terms to maturity of the securities sold under repurchase agreements, as at March 31, 2013, are as follows: within 1 month, \$2,180 million (2012 – \$nil); 1 month to 1 year, \$nil (2012 – \$nil).

(f) Derivative contracts

A derivative contract is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include equity, foreign exchange, interest rate, credit, commodity and other derivative contracts.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts. They are not recorded as assets or liabilities on the Consolidated Statement of Financial Position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from a derivative contract.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments as shown above.

The CPPIB uses derivatives to generate value added investment returns and to limit or adjust market, credit, interest rate, currency, and other financial exposures without directly purchasing or selling the underlying instrument.

(g) Securities sold short

As at March 31, 2013, securities sold short of \$9,715 million (2012 - \$8,596 million) are considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.

(h) Debt financing liabilities

The terms to maturity of the undiscounted principal repayments of the debt financing liabilities as at March 31, 2013, are as follows: within 1 month, \$3,387 million (2012 - \$1,189 million), 1 month to 6 months \$4,410 million (2012 - \$909 million) and 7 months to 1 year, \$1,754 million (2012 - \$315 million).

(i) Collateral

Collateral transactions are conducted under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31 is as follows:

	2013	2012
	(in millions of dollars)	
Assets held as collateral on:		
Reverse repurchase agreements ⁽¹⁾	630	
Over the counter derivative transactions ⁽¹⁾	93	200
Other debt ⁽¹⁾	1,009	
Assets pledged as collateral on:		
Repurchase agreements	(2,183)	
Securities sold short	(10,752)	(10,937)
Debt on private real estate properties	(2,230)	(2,008)
Guarantees (see Note 15c)	(177)	(141)
	(13,610)	(12,886)

⁽¹⁾ The fair value of the collateral held that may be sold or repledged as at March 31, 2013 is \$1,651 million (2012 - \$143 million). The fair value of collateral sold or repledged as at March 31, 2013 is \$630 million (2012 - \$nil).

7. Credit facilities

The CPPIB maintains \$1.5 billion (2012 - \$1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2013, the total amount drawn on the credit facilities is \$nil (2012 - \$nil).

8. Payables and accrued liabilities

Payables and accrued liabilities are comprised of the following:

	2013	2012
	(in millions of dollars)	
Operation expenses	405	413
Pensions and benefits payable	366	241
Tax deductions due to Canada Revenue Agency	139	132
	910	786

9. Comparison of results against Budget

The budget amounts included in the Consolidated Statement of Operations and the Consolidated Statement of Change in Financial Assets Available for Benefit Payments are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada 2012-2013 Report on Plans and Priorities, tabled in Parliament in May 2012 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013 — Continued

10. Net investment income

Net investment income is reported net of transaction costs and investment management fees, and is grouped by asset class based on the risk/return characteristics of the investment strategies of the underlying portfolios.

Net investment income, after giving effect to derivative contracts and investment receivables and liabilities for the year ended March 31, is as follows:

(in millions of dollars)

	2013					
	Investment income (loss) ⁽¹⁾	Net gain on investments ^{(2), (3), (4)}	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada	67	724	791	(12)	(10)	769
Foreign developed markets	1,174	7,182	8,356	(309)	(44)	8,003
Emerging markets	254	260	514	(57)	(7)	450
	1,495	8,166	9,661	(378)	(61)	9,222
Fixed income						
Bonds	1,488	1,209	2,697			2,697
Inflation-linked bonds	70	(1)	69			69
Other debt	646	625	1,271	(47)	(4)	1,220
Money market securities ⁽⁵⁾	321	1,183	1,504	(287)	(37)	1,180
Debt financing liabilities	(30)	(174)	(204)			(204)
	2,495	2,842	5,337	(334)	(41)	4,962
Real assets						
Private real estate	867	896	1,763	(67)	(40)	1,656
Infrastructure	429	505	934	(3)	(35)	896
	1,296	1,401	2,697	(70)	(75)	2,552
Interest on operating balance	3		3			3
	5,289	12,409	17,698	(782)	(177)	16,739

(in millions of dollars)

	2012					
	Investment income (loss) ⁽¹⁾	Net gain on investments ^{(2), (3), (4)}	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada	303	(2,352)	(2,049)	(40)	(16)	(2,105)
Foreign developed markets	866	2,292	3,158	(285)	(43)	2,830
Emerging markets	177	(534)	(357)	(37)	(6)	(400)
	1,346	(594)	752	(362)	(65)	325
Fixed income						
Bonds	1,481	3,174	4,655			4,655
Inflation linked bonds	148	483	631			631
Other debt	516	109	625	(21)	(2)	602
Money market securities ⁽⁵⁾	541	594	1,135	(194)	(31)	910
Debt financing liabilities	(15)		(15)			(15)
	2,671	4,360	7,031	(215)	(33)	6,783
Real assets						
Private real estate	756	1,178	1,934	(69)	(116)	1,749
Infrastructure	429	668	1,097	(4)	(14)	1,079
	1,185	1,846	3,031	(73)	(130)	2,828
Interest on operating balance	2		2			2
	5,204	5,612	10,816	(650)	(228)	9,938

⁽¹⁾ Includes interest income, dividends, private real estate operating income (net of interest expense), interest expense on the debt financing liabilities and other investment-related income and expenses.

⁽²⁾ Includes realized gains and losses from investments, and unrealized gains and losses on investments held at the end of the year.

⁽³⁾ Includes foreign exchange losses of \$519 million (2012 - gains of \$495 million).

⁽⁴⁾ Includes net unrealized gains of \$1,969 million (2012 - unrealized gains of \$1,768 million) which represents the change in fair value estimated on direct investments in private equities, infrastructure, private real estate, private debt, intellectual property, royalties and certain derivatives, where the fair value is derived primarily from assumptions based on non-observable market data.

⁽⁵⁾ Includes absolute return strategies, consisting of investments in funds and internally managed portfolios.

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013 — Continued

11. Estimated overpayments and underpayments of benefits

In order to measure the accuracy of CPP benefit payments, the CPP relies on a Quality program (the CPP Payment Accuracy Review) which estimates, through statistical extrapolation, the most likely value of incorrect benefit payments.

For benefits paid during the twelve months ended March 31, 2013, undetected overpayments and underpayments are estimated to be \$5 million and \$56 million respectively (\$2 million and \$64 million in 2011-12). These estimates are used by the CPP to assess the quality and accuracy of decisions and to continuously improve its systems and practices processing CPP benefits.

The actual overpayments established during the year, as indicated in Note 4, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

12. Operating expenses

	2013	2012
	(in millions of dollars)	
General operating expenses	386	479
Personnel related costs	651	668
Professional and consulting fees	39	33
	1,076	1,180

13. Actuarial obligation in respect of benefits

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, at a combined rate of 9.9 percent of pensionable earnings, and self-employed workers pay the full amount.

The CPP is managed by both the federal and provincial ministers of finance. The CPP's financial state is reviewed by these ministers every three years, following the receipt of an actuarial valuation report prepared by the Chief Actuary of Canada, at which time recommendations can be made as to whether benefits and/or contribution rates should be changed. Actuarial valuation determines the minimum contribution rate, which is the lowest rate sufficient to sustain the CPP. In the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the federal and provincial finance ministers, the insufficient rates provision in the Canada Pension Plan applies. This provision would increase the contribution rate for employees, employers and self-employed persons automatically and require the non-indexation of current benefits.

The CPP was initially designed to be financed on a pay-as-you-go basis with a small reserve equivalent to about two years worth of expenditures. This means that the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, in the following three decades since inception, demographics and economic developments, such as lower birth rates, increased life expectancies and lower real wage growth, as well as changes in benefits and an increase in disability claims, led to significantly higher CPP costs.

A major reform of the CPP was undertaken in 1997. The reform package agreed to by the federal and provincial finance ministers included amendments that were put into effect in 1998 to make the CPP financially sustainable by:

- increasing contribution rates over the short term to achieve steady state funding (i.e. to build a reserve of assets and stabilize the ratio of assets to the following year's expenditures over time);
- reducing the growth of benefits over the long term;
- investing cash flows in the private markets through the establishment of the CPPIB to achieve maximum rate of return without undue risk of loss, and
- introducing incremental full funding for the CPP, such that any new or increased benefits provided under the CPP must be fully funded.

As a result of the 1997 reform, the CPP is considered to be partially funded and operating on a "steady state" basis i.e. the lowest contribution rate that generally stabilizes the ratio of assets to expenditures over the long term with full funding for new or enhanced benefits. These funding objectives improve fairness and equity across generations and ensure the financial long term sustainability of the CPP.

The *Canada Pension Plan* stipulates that an actuarial report shall be prepared every three years for purposes of the review of the CPP's financial state by the Minister of Finance and his provincial counterparts. The most recent triennial report, the *Twenty-Fifth Actuarial Report* on the CPP as at December 31, 2009, was tabled in Parliament on November 15, 2010. The next triennial actuarial report as at December 31, 2012, is expected to be tabled by December 2013.

In the *Twenty-Fifth Actuarial Report*, the minimum contribution rate required to fund both the steady state funding (at 9.84 percent) and the incremental full funding (at 0.02 percent before 2023 and 0.01 percent for 2023 and thereafter), was determined to be 9.86 percent of pensionable earnings before 2023 and 9.85 percent from 2023 onward. This report confirms that, on the basis of the assumptions selected, the current legislated combined employer-employee contribution rate of 9.9 percent is and will continue to be sufficient to pay for future expenditures and

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements

for the Year ended March 31, 2013 — Continued

to accumulate assets worth \$275.1 billion (i.e. 4.7 times the following year's annual expenditures) until 2020 when a portion of investment income will be used to pay for benefits. By 2050, 29 percent of investment income will be required to pay for benefits that exceed contributions.

A number of assumptions were used in the *Twenty-Fifth Actuarial Report* for the projections of the CPP's revenue and expenditures over the long projection period of 75 years. These assumptions are actuarial best estimates relating to demographic, economic and other factors such as the ones shown in the table below:

	As at 31 December 2009		As at 31 December 2006	
	Males	Females	Males	Females
Canadian life expectancy				
at birth in 2010 (2006 — in 2007)	85.4 years	88.3 years	84.5 years	87.7 years
at age 65 in 2010 (2006 — in 2007)	20.2 years	22.6 years	19.3 years	22.0 years
Retirement rates for cohort at age 60	38% (2016+)	41% (2016+)	40% (2009+)	45% (2009+)
CPP disability incidence rates (per 1,000 eligible)	3.3 (2015+)	3.6 (2015+)	3.1 (2011+)	3.5 (2011+)
Total fertility rate	1.65 (2015+)		1.6 (2010+)	
Net migration rate	0.58% of population for 2023+		0.54% of population for 2020+	
Participation rate (age group 15-69)	75.2% (2030+)		74.2% (2030+)	
Employment rate (age group 15-69)	70.6% (2030+)		69.9% (2030+)	
Unemployment rate	6.1% (2022+)		6.3% (2006+)	
Rate of increase in prices	2.3% (2019+)		2.5% (2016+)	
Real wage differential	1.3% (2019+)		1.3% (2015+)	
Real rate of return	4.0% (2017+)		4.2% (2016+)	

An independent panel of qualified actuaries reviewed the *Twenty-Fifth Actuarial Report* on the CPP, confirming that the work was performed in accordance with professional standards of practice and that the actuarial methods and assumptions used were reasonable.

A variety of tests were performed to measure the sensitivity of the long term projected financial position of the CPP to future changes in the demographic and economic environments. Key best estimate assumptions were varied individually to measure the potential impact on the financial status of the CPP. These tests show that the minimum contribution rate could deviate significantly from its best estimate of 9.85 percent if other than best estimate assumptions were to materialize.

The *Twenty-Fifth Actuarial Report* measures the actuarial obligation under two different methodologies, a closed group approach and an open group approach. The closed group includes only current participants of the CPP, with

no new entrants permitted and no new benefits accrued. The open group approach, introduced for the first time in the *Twenty-Fifth Actuarial Report* for the CPP, takes into consideration all current and future participants of the CPP, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures.

The CPP was never intended to be a fully funded plan. With the current legislated combined contribution rate of 9.9 percent, the table below presents the unfunded obligation and the assets to actuarial obligation ratio under these two methodologies at valuation dates of the current and last actuarial reports:

	Open Group	Closed Group	Closed Group
	As at December 31, 2009	As at December 31, 2009	As at December 31, 2006
	(in billions of dollars)		
Actuarial obligation	1995.0	874.8	733.5
Assets available for benefit payments	1988.1	126.8	113.6
Unfunded obligation	6.9	748.0	619.9
Assets to actuarial obligation ratio	99.7%	14.5%	15.5%

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements

for the Year ended March 31, 2013 — Continued

According to the *Twenty-Fifth Actuarial Report*, although the relative size of the unfunded obligation under the closed group may be used as a measure of the CPP's financial status, the key financial measure for evaluating the sustainability of the CPP is the adequacy and stability of the steady state contribution rate over time. Due to the CPP's long-term and enduring nature, if the CPP's sustainability is to be measured based on its unfunded obligation, the open group approach that includes both future contributions and future benefits with respect to both current and future participants provides the more appropriate assessment of the CPP's financial status. Using the open group approach, the Chief Actuary confirms that the CPP is and will continue, on the basis of the assumptions selected, to meet its financial obligations and is sustainable over the 75 year projection period.

The assets available for benefit payments represent funds accumulated for the payment of pensions, benefits and operating expenses. As at March 31, 2013, the value of the CPP's assets available for benefit payments is \$187.7 billion (2012 – \$166.0 billion). This amount represents approximately 5.0 times the 2014 planned total pension and benefit expenses of \$37.7 billion (2012 – 4.7 times). According to the *Twenty-Fifth Actuarial Report*, the ratio of assets to the following year's expenditures is expected to be at 4.7 times by 2020 and 5.2 times by 2050.

14. Contractual obligations

The CPP, through CPPIB, has committed to enter into contractual obligations related to the funding of investments. These contractual obligations are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2013, the contractual obligations total \$20.7 billion (2012 – \$16.6 billion).

As at March 31, 2013, the CPP, through CPPIB, has made lease and other contractual obligations of \$197.0 million (2012 – \$126.3 million) that will be paid over the next 12 years.

15. Contingent liabilities

(a) Appeals relating to the payment of pensions and benefits

At March 31, 2013, there were 12,623 (10,369 in 2012) appeals relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of \$107.5 million (\$88.5 million in 2012), which was recorded as an accrued liability in the CPP 2012–13 financial statements.

(b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings.

Starting in 2004, 417 medical adjudicators (MAs) filed human rights complaints with the Canadian Human Rights Commission (CHRC) alleging gender discrimination. The complaint was upheld by the Canadian Human Rights Tribunal (CHRT) in 2007, which ordered that the discriminatory practice cease and directed the parties to attempt to negotiate a settlement of the appropriate measures to redress the practice. These negotiations were not successful and in May 2009, the CHRT ordered that a new nursing (NU) subgroup be created in the Health Services Group and that the MAs be placed in this group. It also ordered that damages be paid to two MAs for pain and suffering, but did not order compensation for wage loss.

The complainants and the CHRC challenged the CHRT's decision on the issues of lost wages and pain and suffering. The application was allowed by the Federal Court, which set aside the CHRT's decision and referred the matters back to the CHRT for redetermination. An appeal by the Attorney General of Canada of the Federal Court decision was unsuccessful.

The parties have since settled the outstanding issues of damages for wage loss and for pain and suffering. The settlement of the pain and suffering issue and the settlement of the wage loss issue were endorsed by the CHRT in October 2011 and on July 31, 2012 respectively.

The allowance was revised to \$184 million (\$169 million in 2011–12) due to an additional \$15 million recorded as a liability. Payments of \$151 million were made to settle a portion of the claims and legal proceedings in the current fiscal year. As of March 31, 2013, an amount of \$33 million remains payable to HRSDC.

(c) Guarantees

As part of certain investment transactions, the CPPIB agreed to guarantee, as at March 31, 2013, up to \$1.4 billion (2012 – \$0.2 billion) to other counterparties in the event certain subsidiaries and other entities default under the terms of loan and other related agreements.

(d) Indemnifications

The CPPIB provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The contingent nature of these indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any claims nor made any payments pursuant to such indemnifications.

Canada Pension Plan — Continued

Notes to Consolidated Financial Statements

for the Year ended March 31, 2013 — Continued

16. Related party transactions

As stated in Note 4, the CPP has \$4,847 million (2012 — \$4,620 million) of contributions receivable from the Canada Revenue Agency.

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding.

Transactions for the year

(in millions of dollars)

	2013	2012
Pension and benefit delivery, accommodation and corporate services		
Human Resources and Skills Development Canada	405	567
Collection of contributions and investigation services		
Canada Revenue Agency	169	159
Cheque issue and computer services		
Public Works and Government Services Canada	10	12
Actuarial services		
Office of the Superintendent of Financial Institutions and Department of Finance	2	2
	586	740

17. Supplementary information

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contri-

butions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2013			2012		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Financial assets	5,067	211,575	216,642	4,902	178,103	183,005
Non-financial assets		72	72		59	59
Liabilities	607	28,383	28,990	542	16,526	17,068
Assets available for benefit payments	4,460	183,264	187,724	4,360	161,636	165,996
Income						
Contributions	41,655		41,655	38,925		38,925
Investment income	3	16,736	16,739	2	9,936	9,938
	41,658	16,736	58,394	38,927	9,936	48,863
Expenses						
Pensions and benefits	35,590		35,590	33,288		33,288
Operating expenses	586	490	1,076	740	440	1,180
	36,176	490	36,666	34,028	440	34,468
Increase in assets available for benefit payments	5,482	16,246	21,728	4,899	9,496	14,395

6. 70 Interest Bearing Debt

Canada Pension Plan — Concluded

Notes to Consolidated Financial Statements
for the Year ended March 31, 2013 — Concluded

Pursuant to Section 108.1 of the *Canada Pension Plan* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

In September 2004, the CPPIB assumed responsibility for providing cash management services to the CPP, including

periodic return, on at least a monthly basis, of funds required to meet CPP pension, benefits and operating expenses obligations.

During the year ended March 31, 2013, a total of \$31.7 billion was transferred to the CPPIB and a total of \$26.3 billion was returned to the CPP to meet its liquidity requirements.

Activities during the year

(in millions of dollars)

	2013	2012
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB, beginning of year	275,648	243,363
Transfers of funds to CPPIB	31,682	32,285
Accumulated transfers to CPPIB, end of year	307,330	275,648
Accumulated transfers from CPPIB, beginning of year	(163,299)	(134,958)
Transfers of funds from CPPIB	(26,300)	(28,341)
Accumulated transfers from CPPIB, end of year	(189,599)	(163,299)
Net accumulated transfers to CPPIB	117,731	112,349

18. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Government Annuities Account

Management's Responsibility for Financial Statements

The financial statements of the Government Annuities Account are prepared in accordance with Canadian accounting standards for pension plans by the management of Human Resources and Skills Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment and Social Development.

Ian Shugart
Deputy Minister
Human Resources and Skills Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Human Resources and Skills Development Canada

Gatineau, Canada
August 28, 2013

Government Annuities Account — *Continued*

Report of the Actuary

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Government Annuities Account (the "Account") as at 31 March 2013. The purpose of this valuation is to determine the actuarial liabilities and financial position of the Account as at 31 March 2013. The results of the valuation are included in the Account's statement of financial position, the statement of changes in net assets available for benefits, and the statement of changes in pension obligations for the year then ended.

The valuation of the Account's actuarial liabilities and financial position is based on:

- membership data as at 31 March 2013 provided by Human Resources and Skills Development Canada (HRSDC) and Service Canada;
- asset data provided by HRSDC; and
- assumptions as prescribed by the *Government Annuities Regulations*, that is, mortality rates from the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries, and a seven percent annual interest rate.

The Account's assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities equal the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation is prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used comply with legislative requirements and are, in aggregate, reasonable and appropriate;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. The next valuation will be performed as at 31 March 2014.

Michel Millette
Senior Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Jonathan Petrin
Actuarial Officer
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Christine Dunnigan
Actuarial Officer
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada
Ottawa, Canada
28 August 2013

Government Annuities Account — Continued

Independent Auditor's Report

To the Minister of Employment and Social Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statement of financial position as at 31 March 2013, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Annuities Account as at 31 March 2013, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Improvement Act*, the *Government Annuities Act* and regulations.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

28 August 2013
Halifax, Canada

Government Annuities Account — Continued

Statement of Financial Position
As at March 31

(in thousands of Canadian dollars)

	2013	2012
Assets		
Deposit with Receiver General for Canada (Note 3)	171,210	188,428
Accrued interest due from Canada	12,955	14,248
Accounts receivable	113	99
	<u>184,278</u>	<u>202,775</u>
Liability		
Actuarial surplus due to Canada	1,170	1,164
Net assets available for benefits	<u>183,108</u>	<u>201,611</u>
Pension obligations		
Actuarial present value of accrued benefits (Note 4)	183,108	201,611

The accompanying notes are an integral part of these financial statements.

Approved by:

Ian Shugart

Deputy Minister

Human Resources and Skills Development Canada

Alain P. Séguin, MBA, CPA, CGA

Chief Financial Officer

Human Resources and Skills Development Canada

Statement of Changes in Net Assets
Available for Benefits

For the Year ended March 31

(in thousands of Canadian dollars)

	2013	2012
Increase in assets		
Interest from Canada (Note 3)	12,955	14,248
Premiums (Note 3)	32	11
Reclaimed annuities recovered from Consolidated Revenue Fund	76	123
	<u>13,063</u>	<u>14,382</u>
Decrease in assets		
Annuity payments	30,216	32,815
Premium refunds	40	69
Unclaimed annuities transferred to Consolidated Revenue Fund	140	63
Actuarial surplus due to Canada	1,170	1,164
	<u>31,566</u>	<u>34,111</u>
Administrative expenses		
Services received without charge (Note 2(g))	1,927	2,674
Services contributed by Human Resources and Skills Development Canada (Note 2(g))	(1,927)	(2,674)
Decrease in net assets	18,503	19,729
Net assets available for benefits at beginning of year	201,611	221,340
Net assets available for benefits at end of year	<u>183,108</u>	<u>201,611</u>

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Pension Obligations
For the Year ended March 31

(in thousands of Canadian dollars)

	2013	2012
Actuarial present value of accrued benefits at beginning of the year ...	(201,611)	(221,340)
Interest and other income	(13,063)	(14,382)
Benefits paid	30,396	32,947
Experience gains	1,170	1,164
Actuarial present value of accrued benefits at end of the year	(183,108)	(201,611)

The accompanying notes are an integral part of these financial statements.

Government Annuities Account — Continued

Notes to the Financial Statements
for the Year ended March 31, 2013

1. Authority, Objective and Responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Human Resources and Skills Development Canada (HRSDC) and operates through the Consolidated Revenue Fund.

2. Significant Accounting Policies

(a) Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian accounting standards for pension plans (Section 4600). This section requires pension plans of publicly accountable enterprises to comply on a consistent basis with the International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of the Section 4600, which take precedence.

(b) Actuarial present value of accrued benefits

The method utilized to calculate the actuarial present value of accrued benefits is in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The actuarial present value of accrued benefits comprises, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Actuarial surplus/deficit

At the end of any fiscal year, the recorded amount of the actuarial present value of accrued benefits may be different than the amount of actuarial liabilities determined by the actuary. The difference is recorded as an actuarial surplus or deficit, which is charged as a decrease or increase in the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is recorded on an accrual basis and is calculated on the actuarial present value of accrued benefits as prescribed by the *Government Annuities Improvement Act* and the *Government Annuities Regulations*.

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(f) Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts that had been transferred to the Consolidated Revenue Fund. If the annuitants are subsequently located, the actuarial present value of these annuities is transferred back to the Account.

(g) Services received without charge

Administrative services received without charge from HRSDC are recorded in the statement of changes in net assets available for benefits at their estimated cost. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

(h) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, actuarial present value of accrued benefits, and income at the date of the financial statements. Despite the use of management's best estimates, it is possible that the amounts for the actuarial present value of accrued benefits and related accounts could change materially in the near term.

3. Premiums deposited with Receiver General for Canada

Premiums are deposited with the Receiver General for Canada. This deposit earns interest at a rate of seven percent in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Regulations*. Due to the short term nature, the carrying value of the deposit with the Receiver General for Canada approximates its fair value.

Government Annuities Account — Concluded

Notes to the Financial Statements
for the Year ended March 31, 2013 — Concluded

4. Actuarial Present Value of Accrued Benefits

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, performed the annual actuarial valuation of the Government Annuities Account as at March 31, 2013.

The *Government Annuities Improvement Act* and *Government Annuities Regulations* prescribe the basis upon which the actuarial present values of accrued benefits are to be determined. The regulations require the discounting of expected future payments using an annual interest rate of seven percent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. The actuary has indicated that the assumptions used to assess the actuarial present values of accrued benefits comply with legislative requirements and are, in aggregate, reasonable and appropriate.

The next actuarial valuation will be performed as at March 31, 2014.

	2013	2012
	(in thousands of Canadian dollars)	
Actuarial present value of accrued benefits is comprised of:		
Deferred annuities	8,569	9,529
Matured annuities	174,539	192,082
	183,108	201,611

5. Capital Management

The primary objective with respect to capital management is to ensure that the Account has adequate capital to meet its obligations to annuitants. All deposits and withdrawals to the Account are made to the Consolidated Revenue Fund (CRF) and returns on deposits are legislated through the *Government Annuities Improvement Act* (the *Act*). In addition, the *Act* requires that any deficit or surplus in the Account is charged or credited to the CRF.

The Account is valued on an actuarial basis each year, with the objective of reporting the present value of the deferred and matured annuities, as required in the *Act*, to the Government of Canada to ensure the Account is sufficiently funded.

The Account has no externally imposed restrictions on capital. There has been no change in the Account's approach to capital management over the prior year.

6. Financial Risk Management

The Account's assets are held in a specified purpose account within the Consolidated Revenue Fund. As such, the Account is not exposed to any significant market risk (risk from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads), liquidity risk (risk that the Account does not have sufficient cash to meet its current liabilities), or credit risk (risk that a counterparty defaults or becomes insolvent). Accordingly, the Account has not provided a market risk sensitivity analysis.

7. Related Party Transactions

The Account is related to Government departments, agencies and Crown corporations through common control held by the Government of Canada. There were no further significant transactions with related parties other than those described in Note 2 (g), Services received without charge.

Royal Canadian Mounted Police (Dependants)
Pension Fund

Management Responsibility for Financial Statements

Responsibility for the integrity and fairness of the financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund rests with the management of the RCMP.

The financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund have been prepared in accordance with Canadian accounting standards for pension plans. The financial statements include management's best estimates and judgments where appropriate.

To fulfill its accounting and reporting responsibilities, management has developed and maintained books, records, internal controls and management practices designed to provide reasonable assurance as to the reliability of the financial information and to ensure that transactions are in accordance with the *Royal Canadian Mounted Police Pension Continuation Act* and regulations as well as the *Financial Administration Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

Bob Paulson
Commissioner

Alain Duplantie, BBA, MBA, CGA
*Deputy Commissioner
Chief Financial and Administrative Officer*

August 9, 2013

Royal Canadian Mounted Police (Dependants)
Pension Fund — *Continued*

Independent Auditor's Report

To the Minister of Public Safety

Report on the Financial Statements

I have audited the accompanying financial statements of Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statement of financial position as at 31 March 2013 and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Royal Canadian Mounted Police (Dependants) Pension Fund as at 31 March 2013, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act*, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Louise Bertrand, CPA, CA

Principal

for the Auditor General of Canada

9 August 2013
Ottawa, Canada

Royal Canadian Mounted Police (Dependants)
Pension Fund — *Continued*

Statement of Financial Position
As at March 31

	2013	2012
	\$	\$
Assets		
Due from the Consolidated Revenue Fund	22,676,882	24,169,509
Liabilities		
Pension benefits payable (Note 3)	322,571	229,690
Net assets available for benefits	22,354,311	23,939,819
Pension obligations (Note 4)	20,443,534	22,119,442
Excess of net assets available for benefits over pension obligations	1,910,777	1,820,377

The accompanying notes are an integral part of these financial statements.

Approved by:

Bob Paulson
Commissioner

Alain Duplantie, BBA, MBA, CGA
*Deputy Commissioner
Chief Financial and Administrative Officer*

August 9, 2013

Statement of Changes in Net Assets
Available for Benefits
Year ended March 31

	2013	2012
	\$	\$
Net assets available for benefits, beginning of year	23,939,819	25,297,146
Increase in net assets available for benefits:		
Interest income on amount due from the Consolidated Revenue Fund.	1,297,701	1,464,314
Past service contributions from participants	3,719	3,953
Total increase in net assets available for benefits	1,301,420	1,468,267
Decrease in net assets available for benefits:		
Survivor benefit payments	(2,886,928)	(2,825,594)
Decrease in net assets available for benefits	(1,585,508)	(1,357,327)
Net assets available for benefits, end of year	22,354,311	23,939,819

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Pension Obligations
Year ended March 31

	2013	2012
	\$	\$
Pension obligations, beginning of year ..	22,119,442	23,591,078
Net interest accrued on benefits	1,207,301	1,350,005
Past service contributions from participants	3,719	3,953
Pension benefits payable	(322,571)	(229,690)
Survivor benefit payments	(2,564,357)	(2,595,904)
Pension obligations, end of year	20,443,534	22,119,442

The accompanying notes are an integral part of these financial statements.

Royal Canadian Mounted Police (Dependants) Pension Fund — *Continued*

Notes to the Financial Statements
Year ended March 31, 2013

1. Description of the Fund

The following is a summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund.

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*) (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, the right to purchase certain survivorship benefits for their dependants by payment of specified contributions. The Government of Canada credits the Fund with interest computed quarterly on the amount due from the Consolidated Revenue Fund at the end of the preceding quarter.

The RCMP is responsible for the management of the Fund. Responsibility for the day-to-day administration of the Fund was outsourced to Morneau Shepell. The Office of the Chief Actuary ("OCA") of the Office of the Superintendent of Financial Institutions ("OSFI") performs periodic actuarial valuations of the Fund.

All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

The Fund is accounted for using the standards applicable to a defined benefit pension plan as described in Note 2(a).

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Survivor benefit payments

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 percent of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit.

iii. Benefit Limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

(d) Dividends on survivor benefit payments

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

(e) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

Royal Canadian Mounted Police (Dependants)
Pension Fund — *Continued*

Notes to the Financial Statements
Year ended March 31, 2013 — *Continued*

2. Significant accounting policies

(a) Basis of presentation

The financial statements present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members, on an ongoing basis. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the Fund.

These financial statements are prepared in Canadian dollars, the Fund's functional currency, in accordance with Canadian accounting standards for pension plans in Part IV of the Canadian Institute of Chartered Accountants (CICA) Handbook, Section 4600. Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Fund complies with International Financial Reporting Standards (IFRS) in Part I of the CICA Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

The financial statements for the year ended March 31, 2013 were authorized for issue by the signatories on August 9, 2013.

(b) Significant accounting policies

The significant accounting policies are as follows:

i. Interest income on the amount due from the Consolidated Revenue Fund

The Government of Canada credits the Fund with interest computed quarterly on the amount due from the Consolidated Revenue Fund at the end of the preceding quarter. The rate of interest is determined by the Minister of Finance on a quarterly basis and is equal to the rate used in other government Superannuation accounts. The rate is calculated as though the amounts recorded were invested in a notional portfolio of Government of Canada 20 year bonds held to maturity. Interest on the amount due from the Consolidated Revenue Fund is recognized on an accrual basis.

ii. Due from the Consolidated Revenue Fund

The government has a statutory obligation to pay benefits relating to the Fund. This pension obligation is to the survivors of the participants who contributed to the Fund over the years. The government

tracks the transactions related to contributions, the interest on the amount due from the Consolidated Revenue Fund and the survivor benefit payments. All cash receipts are deposited to and all payments are made from the Consolidated Revenue Fund (CRF).

The amount due from the Consolidated Revenue Fund is categorized as other asset.

iii. Survivor benefit payments

Benefits are recognized on an accrual basis as a reduction of Pension Obligations and Net Assets Available for Benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund or upon the death of a widow.

iv. Pension obligations

The value of pension obligations during the year is based on a triennial actuarial valuation which is prepared by the OCA. It uses the projected benefit method prorated on pensionable service and management's best estimates, as at the valuation date, of various economic and non economic assumptions. For the interim years, the assumptions used in the triennial valuation are evaluated for continued relevancy and the valuation is adjusted by the actuary for transactions occurring during the period.

v. Services provided without charge and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

- Financial management and other support services from the Royal Canadian Mounted Police;
- Actuarial valuation and other services from the Office of the Chief Actuary;
- Cheques issued from Public Works and Government Services Canada; and
- Office of the Auditor General audit costs.

Royal Canadian Mounted Police (Dependants) Pension Fund — *Continued*

Notes to the Financial Statements
Year ended March 31, 2013 — *Continued*

(c) Sources of estimation uncertainty

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported amounts of liabilities and related disclosures.

In making estimates and using assumptions, management relies on external information and observable conditions where possible. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Pension Obligations are the most significant item where estimates and assumptions are used. The Pension Obligations depend on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions, such as discount rates (future Fund yields), mortality rates, proportion of members married, and age of new widows. The Fund consults with external actuaries from the Office of the Chief Actuary regarding these estimates and assumptions annually. Any changes will impact the carrying amount of the Pension Obligations. Details of these estimates and assumptions have been disclosed in Note 4.

3. Pension benefits payable

Pension Benefits Payable represent the lump sum benefits that became payable upon the death of members or widows during the year but had not yet been approved by the Minister for payment. At March 31, 2013, the Pension Benefits Payable were \$322,571 (\$229,690 as at March 31, 2012).

4. Pension obligations

The most recent statutory actuarial valuation was performed as at March 31, 2010 by the Office of the Chief Actuary. The valuation disclosed an actuarial surplus of \$2,665,000. In a decision dated June 9, 2011, the Treasury Board approved that a portion of this surplus will be distributed by annual effective increases in the pension amount of 2.0 percent as at April 1, 2011, 2.0 percent as at

April 1, 2012 and 2.0 percent as at April 1, 2013 and by increases to lump sum death benefits and residual payments.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. The average ages of members and widows were both estimated to be 86 years and the remaining life of the Fund was estimated at 27 years as at March 31, 2010.

The obligations for pension benefits are determined on an actuarial basis and incorporate management's best estimates of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality rates, proportion of members married, and age of new widows. The primary economic assumptions relate to Fund yields. The yields are based on the rate applicable to a portfolio of notional 20 year Government of Canada bonds as at the date of the triennial actuarial valuation.

The current Fund yield of 5.70 percent per annum (6.10 percent in 2012) is consistent with the estimated yield (5.82 percent) used for the immediate future in the actuarial valuation. The expected long term Fund yield is estimated to decline to 4.81 percent per annum by the year 2024 and to rise to the ultimate level of 5.20 percent by 2032. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

An interim valuation was performed as at March 31, 2013, to estimate the actuarial present value of accrued pension benefits and the principal components of change in the actuarial present value during the plan year. No changes were made to the economic or non-economic assumptions for the fiscal year ended March 31, 2013. The pension obligation at March 31, 2013 was \$20,443,534 (\$22,119,442 as at March 31, 2012).

The next statutory actuarial valuation as at March 31, 2013 is currently underway and is expected to be tabled in Parliament in 2014.

During the year, no amendments were made to the Fund (2012 - nil).

**Royal Canadian Mounted Police (Dependants)
Pension Fund — Concluded**

Notes to the Financial Statements

Year ended March 31, 2013 — Concluded

5. Capital management

The primary objective with respect to capital management is to ensure that the Fund has adequate capital to meet its obligations to all current Fund members and their survivors.

The Fund is not subject to any externally imposed capital requirements and the surpluses or deficits are determined regularly by an actuarial valuation that is prepared by an independent actuary and considered as the Fund's capital.

The actuary's valuation is used to measure the long term health of the Fund. The actuary tests the Fund's ability to meet its obligations to all current Fund members and their survivors. Using an assumed rate of return, the actuary projects the Fund's benefits to estimate the current value of the liability, which is compared to the Fund's net assets available for benefits and the future contributions for all current Fund members. The result of the comparison is either a surplus or a deficit. In either case, the funding policy as described in Note 1 (b) will be used to ensure that the capital of the Fund is maintained.

There have been no changes to the capital management policy of the Fund.

6. Financial risk management

The Fund's assets are held in a special purpose account within the Consolidated Revenue Fund of the Government of Canada. As such, the Fund is not exposed to any significant market risk (risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads), liquidity risk (risk that the Fund does not have sufficient cash to meet its current liabilities), or credit risk (risk that a counterparty defaults or becomes insolvent). Accordingly, the Fund has not provided a market risk sensitivity analysis.

7. Reclassification of prior year comparative figures

Certain prior year comparatives have been reclassified to conform to the current year's presentation. The reclassification relates to the Statement of Changes in Pension Obligations only and is not material. As a result, a third Statement of Financial Position as at April 1, 2012 and the related note disclosures have not been provided.

Section 7

2012-2013

Public Accounts of Canada

Cash and Accounts Receivable

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Cash and cash equivalents	7.2
Taxes receivable	7.3
Other accounts receivable	7.4

Cash and Accounts Receivable

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Cash and Accounts Receivable".

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

Table 7.1
Cash and Accounts Receivable

	March 31/2013	March 31/2012
	\$	\$
Cash and cash equivalents, Table 7.2.....	27,341,036,225	17,143,276,454
Taxes receivable, Table 7.3.....	92,114,538,870	86,005,561,641
Other accounts receivable, Table 7.5.....	4,698,326,405	4,513,167,844
Total cash and accounts receivable.....	124,153,901,500	107,662,005,939

Cash and Cash Equivalents

Cash consists of public moneys on deposit and cash in transit at March 31st. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

Table 7.2
Cash and Cash Equivalents

	March 31/2013	March 31/2012
	\$	\$
Cash in bank —		
Canadian currency ⁽¹⁾	18,073,595,015	6,068,164,441
Foreign currencies ⁽²⁾	211,116,546	650,413,953
Special deposits ⁽³⁾	50,000,000	65,000,000
Total cash in bank.....	18,334,711,561	6,783,578,394
Cash in transit —		
Cash in hands of collectors and in transit.....	7,616,796,481	8,388,911,848
Other cash — Consolidated Crown corporations and other entities ⁽⁴⁾	508,927,000	514,730,000
Total cash in transit.....	8,125,723,481	8,903,641,848
Less: Outstanding cheques and warrants —		
Outstanding cheques ⁽⁵⁾	5,100,123,917	5,093,683,754
Imprest account cheques ⁽⁶⁾	94,831	208,783
Total outstanding cheques and warrants.....	5,100,218,748	5,093,892,537
Total cash.....	21,360,216,294	10,593,327,705
Cash equivalents.....	5,980,819,931	6,549,948,749
Total cash and cash equivalents.....	27,341,036,225	17,143,276,454

⁽¹⁾ Included in Canadian currency is \$15,000,000,000 (\$4,000,000,000 in 2012) with respect to the Prudential Liquidity Fund.

⁽²⁾ These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

⁽³⁾ These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

⁽⁴⁾ These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

⁽⁵⁾ Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of \$39,797,073 (\$40,937,561 in 2012) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

⁽⁶⁾ Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

7.2 Cash and Accounts Receivable

Taxes Receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial, territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.3
Taxes Receivable as at March 31

	2013			2012		
	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable
	\$	\$	\$	\$	\$	\$
Taxes receivable —						
Income taxes receivable —						
Individuals	49,082,126,893	6,488,467,734	42,593,659,159	45,897,369,231	6,096,866,085	39,800,503,146
Employers	16,814,921,560	1,078,470,636	15,736,450,924	17,210,589,225	1,039,037,923	16,171,551,302
Corporations	13,753,844,431	1,869,359,235	11,884,485,196	12,520,733,660	1,785,709,725	10,735,023,935
Non residents	1,208,658,598	134,326,977	1,074,331,621	1,173,720,355	113,939,045	1,059,781,310
Goods and services taxes receivable	20,625,564,995	2,713,768,204	17,911,796,791	18,541,512,448	2,906,088,048	15,635,424,400
Customs duties receivable	479,400,558	18,523,095	460,877,463	248,146,174	13,200,682	234,945,492
Excise taxes and duties receivable	2,505,389,013	52,451,297	2,452,937,716	2,414,469,499	46,137,443	2,368,332,056
Total	104,469,906,048	12,355,367,178	92,114,538,870	98,006,540,592	12,000,978,951	86,005,561,641

Table 7.4 presents the aging for taxes receivable for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year end are included in current receivables.

Table 7.4
Aging of Taxes Receivable

	Year ended March 31	
	2013	2012
	\$	\$
Taxes receivable		
Less than one year	70,196,417,812	66,161,826,462
1-2	6,434,206,424	5,744,207,719
2-3	4,620,057,093	4,515,312,487
3-4	4,145,573,641	3,695,849,593
4-5	3,380,086,632	3,041,584,611
Over 5 years	15,693,564,446	14,847,759,720
Total	104,469,906,048	98,006,540,592

Other Accounts Receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets, or from the proceeds for provision of services as of March 31, 2013.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other receivables.

Table 7.5
Other Accounts Receivable as at March 31

	2013			2012		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
	\$	\$	\$	\$	\$	\$
Other receivables ⁽¹⁾	4,540,716,274	1,710,375,869	2,830,340,405	4,342,297,568	1,678,284,724	2,664,012,844
Accounts receivable of consolidated Crown corporations and other entities	1,867,986,000		1,867,986,000	1,849,155,000		1,849,155,000
Total	6,408,702,274	1,710,375,869	4,698,326,405	6,191,452,568	1,678,284,724	4,513,167,844

⁽¹⁾ Other receivables are the financial claims owed to the Government and arising from other revenues.

Table 7.6 presents the aging of other accounts receivable for the period over which claims at March 31 have been outstanding.

Table 7.6
Aging of Other Accounts Receivable

	Year ended March 31	
	2013	2012
	\$	\$
Outstanding days		
0-30	1,775,858,832	1,783,119,425
31-60	181,997,720	222,884,637
61-90	178,149,794	95,534,313
91-365	430,633,933	388,963,453
Over 365	1,974,075,995	1,851,795,740
Total	4,540,716,274	4,342,297,568
Accounts receivable of consolidated Crown corporations and other entities	1,867,986,000	1,849,155,000
Total	6,408,702,274	6,191,452,568

Section 8

2012-2013

Public Accounts of Canada

Foreign Exchange Accounts

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International reserves held in the Exchange Fund Account .	8.2
International Monetary Fund	8.3
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Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$10,802 million as at March 31, 2013 (\$10,715 million as at March 31, 2012); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 8.1
Foreign Exchange Accounts

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
International reserves held in the Exchange Fund				
Account, Table 8.2	62,140,903,009	17,094,974,096	15,854,531,712	63,381,345,393
International Monetary Fund — Subscriptions	9,841,687,840		147,829,132	9,693,858,708
International Monetary Fund — Loans	1,325,101,712	182,840,815	51,458,977	1,456,483,550
	73,307,692,561	17,277,814,911	16,053,819,821	74,531,687,651
Less:				
International Monetary Fund — Notes payable	7,057,775,556	416,103,013	17,693,181	6,659,365,724
Special drawing rights allocations	9,252,781,835	138,983,346		9,113,798,489
	16,310,557,391	555,086,359	17,693,181	15,773,164,213
Total	56,997,135,170	17,832,901,270	16,071,513,002	58,758,523,438

International Reserves held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each year. The financial statements as at March 31, 2013, together with the Independent Auditor's Report thereon, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2013. Gold held by the Account is valued at SDR 35 per fine ounce (\$53.27 Cdn as at March 31, 2013 and \$54.08 Cdn as at March 31, 2012).

In 2012-2013, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$15,533 million, an adjustment of \$1,401 million to recognize the net income of the Exchange Fund Account for the period April 1, 2012 to March 31, 2013, and a net valuation adjustment of \$161 million. Receipts and other credits consisted of repayments of advances of \$15,855 million.

Table 8.2
International Reserves held in the
Exchange Fund Account
(in millions of dollars)

	March 31/2013	March 31/2012
US dollar cash and cash equivalents	313	319
US dollar marketable securities	36,599	33,034
Euro cash and cash equivalents	16	163
Euro marketable securities	17,462	18,951
Japanese yen cash and cash equivalents	8	7
Japanese yen marketable securities	306	342
Short-term deposits		299
Special drawing rights	8,671	9,020
Gold	6	6
Total	63,381	62,141
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars	40,189	36,472
Euro	16,456	18,187
Japanese yen	306	341
Special drawing rights (2013, SDR 4,669 million; 2012, SDR 4,599 million)	6,998	7,106
Canadian dollars	(1,969)	(1,637)
Total advances from the Consolidated Revenue Fund	61,980	60,469
Total net revenue for the year	1,401	1,672
Total	63,381	62,141

International Monetary Fund

Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR value of the IMF's holdings of Canadian dollars.

In 2012-2013, receipts and other credits consisted of a valuation adjustment of \$148 million.

Loans

This account records the value of interest-bearing loans made under Canada's multi-lateral and bi-lateral borrowing arrangements with the IMF. The purpose of these arrangements is to provide temporary resources for IMF member countries requiring balance of payment assistance.

There are two outstanding lending arrangements with the IMF outside of the quota system: the multi-lateral New Arrangements to Borrow (NAB) and General Arrangements to Borrow (GAB).

Canada's participation in the expanded New Arrangements to Borrow (NAB) became effective on March 11, 2011. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 7,624 million. As at March 31, 2013, SDR 957 million or \$1,456 million (SDR 858 million or \$1,325 million in 2012) in lending has been provided to the IMF under the NAB.

Canada also participates in the General Arrangements to Borrow (GAB) which was most recently renewed in November 2012. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2013, no lending had been provided to the IMF under the GAB.

Canada's temporary bi-lateral borrowing agreement with the IMF provided for maximum lending to the IMF of US \$10 billion. This agreement with the IMF expired on March 31, 2013.

Collectively, the outstanding loans under multi-lateral arrangements with the IMF cannot exceed SDR 8,517 million at any given time. This reflects the maximum commitment under both the NAB and GAB.

At March 31, 2013, a total of SDR 957 million or \$1,456 million was outstanding under these arrangements. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

Notes Payable

This account records non-marketable, non interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 2012-2013, notes payable to the IMF decreased by \$398 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2012-2013, payments and other charges consisted of a valuation adjustment of \$139 million.

Supplementary Statement

Exchange Fund Account

Statement of responsibility

Responsibility for the financial statements of the Exchange Fund Account (the Account) and all other information presented in the Report on the Management of Canada's Official International Reserves rests with the Department of Finance. The operations of the Account are governed by the provisions of Part II of the *Currency Act*. The Bank of Canada administers the Account, as fiscal agent for the Government of Canada.

The financial statements were prepared in accordance with the accounting policies set out in Note 2 to the financial statements, which are consistent with those used by the Government of Canada, and do not result in any significant differences from Canadian public sector accounting standards. These policies were applied on a basis consistent with that of the preceding year. The information included in these financial statements is based on the best estimates and judgement of the Department of Finance and the Bank of Canada, with due consideration given to materiality.

The Department of Finance establishes policies for the Account's transactions and investments. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada maintains appropriate financial systems and related internal controls to provide reasonable assurance that financial information is reliable, assets are safeguarded and transactions are properly authorized in accordance with the *Currency Act*. The system of internal control is supported by an internal audit department, whose functions include reviewing internal controls, including accounting and financial controls and their application. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of the audit to the Minister of Finance.

The Report on the Management of Canada's Official International Reserves is tabled in Parliament along with the financial statements, which are also part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

Mark Carney
Governor
Bank of Canada

Michael Horgan
Deputy Minister
Department of Finance

Sheila Vokey, CPA, CA
Chief Accountant and Chief Financial Officer
Bank of Canada

Ottawa, Canada
27 May 2013

Exchange Fund Account — Continued

Independent Auditor's Report

To the Minister of Finance

Report on the Financial Statements

I have audited the accompanying financial statements of the Exchange Fund Account, which comprise the statement of financial position as at 31 March 2013, and the statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Exchange Fund Account as at 31 March 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Exchange Fund Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part II of the *Currency Act*.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

27 May 2013
Ottawa, Canada

Public Accounts of Canada, 2012 2013

Exchange Fund Account — Continued

**Statement of Financial Position
as at 31 March**

(in millions of Canadian dollars)

	2013	2012
Financial assets		
Cash and cash equivalents (Note 3, 8) . .	337	788
Investments		
Marketable securities (Note 4, 8)	54,368	52,326
Special drawing rights (Note 5, 8)	8,671	9,020
Gold (Note 6, 8)	6	6
Total investments	63,045	61,352
Total financial assets	63,382	62,140
Liabilities		
Due to the Consolidated Revenue Fund (Note 7)	63,382	62,140

Commitments (Note 9)

The accompanying notes are an integral part of these financial statements.

Approved by:

Mark Carney
Governor
Bank of Canada

Michael Horgan
Deputy Minister
Department of Finance

Sheila Vokey, CPA, CA
Chief Accountant and Chief Financial Officer
Bank of Canada

Exchange Fund Account — *Continued*Statement of Operations
for the year ended 31 March
(in millions of Canadian dollars)

	2013	2012
Net revenue from investments		
Marketable securities		
Interest	1,091	1,245
Gains on sale of marketable securities	404	513
Transaction costs and other	(3)	(1)
Cash and cash equivalents	1	1
Special drawing rights	8	31
Gains on sale of gold	13	
Total net revenue from investments	1,514	1,789
Other		
Net foreign exchange loss	(113)	(117)
Net revenue for the year (Note 1, 7)	1,401	1,672

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 March
(in millions of Canadian dollars)

	2013	2012
Cash flows from operating activities		
Interest received		
Marketable securities	1,271	1,366
Other	1	1
Purchase of marketable securities	(45,772)	(48,197)
Proceeds from the sale or maturity of marketable securities	44,162	41,054
Purchase of foreign currencies	270	448
Sale of foreign currencies	(2,045)	(1,845)
Net cash used in operating activities	(2,113)	(7,173)
Cash flows from financing activities		
Increase in advances from the Consolidated Revenue Fund	13,861	19,628
Repayment of advances to the Consolidated Revenue Fund	(12,231)	(12,000)
Net cash provided by financing activities	1,630	7,628
Effects of exchange rate changes on cash and cash equivalents	32	19
(Decrease) increase in cash and cash equivalents	(451)	474
Cash and cash equivalents, beginning of year	788	314
Cash and cash equivalents, end of year (Note 3)	337	788

The accompanying notes are an integral part of these financial statements.

Exchange Fund Account — Continued

Notes to the Financial Statements
for the year ended 31 March 2013

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account. The majority of Canada's official international reserves reside inside the Account. The Account represents approximately 93 percent (94 percent at 31 March 2012) of Canada's official reserves. The remainder of the official reserves reside in the foreign currency accounts of the Minister of Finance.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's Statement of Investment Policy.

Assets held in the Account are managed to provide foreign currency liquidity to the government and to promote orderly conditions for the Canadian dollar in the foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic, basis and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of the Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements. The presentation and results of the Account using these accounting policies do not result in any significant differences from Canadian public sector accounting standards.

(a) Revenue recognition

Revenue from investments is recorded net of transactions costs on an accrual basis and includes interest earned, amortization of premiums and discounts using the straight line method, gains or losses on sales of securities and on sales of gold, and revenues from securities lending activities. Interest is accrued on short term deposits, deposits held under repurchase agreements, marketable securities, and Special Drawing Rights.

(b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and Department of Finance. These costs are not significant in relation to the asset portfolio and have not been recognized in the financial statements.

In addition, the notional cost of the funding of the Account's assets and advanced by the CRF is not recognized in the financial statements.

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents consists of cash and short term deposits. Short term deposits are recorded at cost and are generally held to maturity. The resulting revenue is included in revenues from cash and cash equivalents.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are recorded at cost. The resulting revenue is included in revenues from marketable securities. At the reporting date, the Account did not hold deposits held under repurchase agreement.

Exchange Fund Account — Continued

Notes to the Financial Statements

for the year ended 31 March 2013 — Continued

Marketable securities

Purchases and sales of securities are recorded at the settlement dates. Marketable securities are recorded at cost and are adjusted for amortization of purchase discounts and premiums on a straight line basis over the term to maturity of the security. The carrying value of marketable securities includes accrued interest. The securities loaned under the securities lending program continue to be accounted for as investment assets.

Short term deposits, Deposits held under repurchase agreements and Marketable securities are written down to their recoverable amount in the event of an other than temporary impairment in the fair value. Write downs to reflect other than temporary impairment are included in Net revenue from investments in the Statement of Operations.

Special Drawing Rights

SDR's are initially recorded at cost and are subsequently translated into Canadian dollars at market exchange rates.

Gold

Gold is carried in the Account at a value of 35 SDRs per fine ounce, which approximates cost and conforms to the value used in the *Public Accounts of Canada*.

(d) Translation of foreign currencies and Special Drawing Rights

Assets and advances denominated in foreign currencies and special drawing rights (SDRs) are translated into Canadian dollar equivalents at rates prevailing on the balance sheet date, which were as follows:

Translation of foreign currencies and Special Drawing Rights into Canadian dollar equivalents

	2013	2012
US dollars	1.0160	0.9975
Euros	1.3024	1.3304
Japanese yen	0.0108	0.0120
SDRs	1.5220	1.5452

Gains or losses resulting from the translation of assets and advances denominated in foreign currencies and SDRs, as well as on transactions throughout the fiscal year, are recorded as net foreign exchange gains or losses and are included in the Statement of Operations.

Investment revenue in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the revenue is earned.

(e) Use of estimates and measurement uncertainty

The preparation of the financial statements of the Account requires management to make estimates and assumptions, based on information available as of the date of the financial statements. The most significant use of estimates is in the disclosure of the fair value of assets (Note 8d) and disclosure of the notional cost of advances (Note 7).

3. Cash and cash equivalents

At 31 March, cash and cash equivalents consisted of the following:

Cash and Cash Equivalents
(in millions of Canadian dollars)

	2013 Carrying value	2012 Carrying value
Cash		
US dollars	313	319
Euros	16	163
Japanese yen	8	7
Total cash	337	489
Short term deposits		299
Total — Cash and cash equivalents ..	337	788

Short-term deposits are money market transactions where the Account invests funds with designated counterparties.

Exchange Fund Account — Continued

Notes to the Financial Statements

for the year ended 31 March 2013 — Continued

4. Marketable securities

Marketable securities include treasury notes, treasury bills, bonds and money market instruments.

Marketable securities

(in millions of Canadian dollars, unless otherwise stated)

	31 March 2013								31 March 2012		
Term to maturity	Under 6 months		6 months to under 1 year		1 year to under 5 years		5 years and over		Total		
	Amortized cost	Yield %	Amortized cost	Yield %	Amortized cost	Yield %	Amortized cost	Yield %	accrued interest	Carrying value	Carrying value
US dollar											
Sovereign	7,662	0.16	377	0.16	5,821	0.99	11,785	2.88	105	25,750	20,397
Supra National	359	1.33	366	3.07	4,120	2.48	699	3.25	44	5,588	6,241
Agencies and other	934	0.24	586	1.99	2,311	2.84	1,397	3.71	33	5,261	6,396
Total — US dollar	8,955		1,329		12,252		13,881		182	36,599	33,034
Euro											
Sovereign	1,157	0.55	413	1.86	4,485	2.38	7,104	2.67	265	13,424	13,587
Supra National	55	3.50	167	0.18	855	2.69	511	2.81	38	1,626	2,318
Agencies and other	20	1.40	165	3.96	1,420	3.41	768	3.18	39	2,412	3,045
Total — Euro	1,232		745		6,760		8,383		342	17,462	18,950
Japanese yen											
Sovereign			54	0.81	252	0.30			1	307	342
Total — Japanese yen			54		252				1	307	342
Total marketable securities ..	10,187		2,128		19,264		22,264		525	54,368	52,326

The yield in the above table represents the weighted average yield to maturity based on the par value at the end of the fiscal year for the respective securities.

At 31 March 2013, the net unamortized premium on marketable securities amounted to \$466 million (\$435 million at 31 March 2012).

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents who guarantee the loans and obtain collateral of equal or greater value from their approved counterparties in these transactions. At 31 March 2013, US\$1,288 million (par value) US Treasury Bills (US\$1,807 million (par value) at 31 March 2012) and US\$300 million (par value) Treasury Notes (nil at 31 March 2012), were being used in the securities lending program with financial institutions.

5. Special Drawing Rights

The special drawing right (SDR) is an international reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR serves as the unit of account of the IMF and its value is based on a basket of key international currencies.

8. 10 Foreign Exchange Accounts

6. Gold

In November 2012, the Account entered into an agreement with the Royal Canadian Mint for the distribution and selling of 30,000 George V 1912-1914 coins (13,120.4 ounces of fine gold). The sales process will run until December 2013. At 31 March 2013, 14,626 coins (5,921.0 ounces of fine gold) have been sold. Proceeds from the sale of gold are received and remitted to the Consolidated Revenue Fund by the Department of Finance.

7. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to \$100 billion by order of the Minister of Finance in September of 2009.

The CRF advances the proceeds of Government of Canada's borrowings in foreign currencies and allocations of SDRs by the IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions in the level of foreign currency advances from the CRF. Interest payable by the Government of Canada on borrowings in foreign currencies and charges on allocations of SDRs to Canada are charged directly to the CRF.

Exchange Fund Account — Continued

Notes to the Financial Statements

for the year ended 31 March 2013 — Continued

The Account requires Canadian dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada cause reductions in the level of outstanding Canadian dollar advances, and can result in overall net deposits of Canadian dollars by the Account with the CRF.

At 31 March, advances from the CRF were comprised of the following currencies:

Currency composition of advances from the CRF
(in millions of Canadian dollars)

	2013	2012
US dollars	40,189	36,472
Euros	16,456	18,186
Japanese yen	306	341
SDR's	6,999	7,106
Subtotal — Foreign currencies	63,950	62,105
Canadian dollars	(1,969)	(1,637)
Net revenue	1,401	1,672
Total	63,382	62,140

For the year ended 31 March 2013, the notional cost of the funding of the Account's assets and advanced by the CRF to the Account is \$1,416 million (\$1,489 million for the year ended 31 March 2012). The notional cost of advanced funds is comprised of the actual interest costs on foreign denominated debt and cross currency swaps for foreign currency advances, and an imputed interest cost calculated using the average funding rate of outstanding Government of Canada market debt, applicable to the net of Canadian dollar and SDR currency advances.

8. Financial instruments

The role of the Account as principal repository of Canada's official international reserves determines the nature of its assets and of its operations, as well as its use of financial instruments.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the Statement of Investment Policy prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of

instruments. The Statement of Investment Policy also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

With respect to the Statement of Investment Policy, the Account may hold fixed income securities of highly rated sovereigns, central banks, government supported entities and supranational organizations. To be eligible for investment, an entity must have a credit rating in the top seven categories from two of four designated rating agencies (Standard & Poor's, Moody's, Fitch, and Dominion Bond Rating Service). The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister may appoint agents to perform services concerning the Account. Through the securities lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Exchange Fund Account — Continued

Notes to the Financial Statements

for the year ended 31 March 2013 — Continued

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of the Government of Canada's foreign liabilities that needs to be renewed within a one year period. In addition, liquidity risk is mitigated by holding short term investments that are matched to the Government of Canada's maturing liabilities in foreign currencies.

(d) Fair value of financial assets

Financial assets

(in millions of Canadian dollars)

	31 March 2013		31 March 2012	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	337	337	788	788
Investments				
Marketable securities				
US dollar	36,599	38,553	33,034	34,692
Euro	17,462	18,830	18,950	20,067
Japanese yen	307	308	342	345
Total marketable securities	54,368	57,691	52,326	55,104
SDRs	8,671	8,671	9,020	9,020
Gold	6	167	6	181
Total investments	63,045	66,529	61,352	64,305
Total financial assets	63,382	66,866	62,140	65,093

The estimated fair value of cash and cash equivalents is deemed equal to their carrying value given their short term to maturity.

Estimated fair values of marketable securities are based on quoted market prices and include accrued interest. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, no marketable securities have been written down to reflect other than temporary impairments in the fair value.

The SDR serves as the unit of account for the IMF and its value is based on a 'basket' of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen. As SDRs are translated into Canadian dollar equivalents at rates prevailing at the balance sheet date, the carrying value approximates fair value on the reporting date.

The estimated fair value of gold is based on London fixing of \$1,623.82 at 31 March 2013 (\$1,658.34 at 31 March 2012) per fine ounce.

The fair value of marketable securities and SDRs continuously fluctuates as a result of changes in market conditions, including interest rates, foreign exchange rates and market prices. As discussed in notes 8(a) and 8(b), credit and market risks of marketable securities are managed in accordance with the Account's Statement of Investment Policy and the asset liability management policy. These risk management practices mitigate the risk of fair value fluctuations of marketable securities.

9. Commitments

(a) Foreign currency swaps

Foreign currency swaps are agreements that exchange one type of obligation for another involving different currencies and the exchange of the principal amounts and interest payments. The Account may enter into short term foreign currency swap arrangements with the Bank of Canada to assist the Bank in its cash management operations. There were no drawings under this facility during the year ended 31 March 2013 (no drawing during the year ended 31 March 2012), and there were no commitments outstanding at 31 March 2013 (no commitments outstanding at 31 March 2012).

(b) Foreign currency contracts

A foreign currency contract is a commitment to purchase or sell a foreign currency at the spot rate, requiring settlement within two days. In the normal course of operations, the Account enters into foreign currency contracts. At 31 March 2013, the Account had no contracts to sell foreign currency (nil at 31 March 2012) and no unrealized gains (losses) were recorded in net revenue at 31 March 2013 (nil at 31 March 2012).

Exchange Fund Account — *Concluded*

Notes to the Financial Statements

for the year ended 31 March 2013 — *Concluded*

(c) Investment contracts

In the normal course of operations, the Account enters into investment contracts. The following table presents the fair value of investment contracts with contractual amounts outstanding at 31 March.

Investment contracts

(in millions of Canadian dollars)

	2013		2012	
	Contractual value	Fair value	Contractual value	Fair value
Marketable securities				
Euro				
Purchases			191	193
Sales			192	196

10. Comparative figures

Certain of the 2012 comparative figures have been reclassified to conform to the current year's presentation.

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Section 9

2012-2013

Public Accounts of Canada

Loans, Investments and Advances

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Loans, Investments and Advances

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

Table 9.1 presents the transactions and year end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Table 9.1
Loans, Investments and Advances

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Enterprise Crown corporations and other government business enterprises, Table 9.2	130,662,247,808	70,313,908,141	67,628,265,844	133,347,890,105
Portfolio investments, Table 9.11	94,055,425	1,098,225	6,569,580	88,584,070
National governments including developing countries, Table 9.12	393,080,429	80,878,262	98,875,644	375,084,047
International organizations, Table 9.13	17,365,099,101	910,759,051	25,988,312	18,249,869,840
Provincial and territorial governments, Table 9.14	3,528,945,593	103,088,438	905,611,751	2,726,422,280
Other loans, investments and advances, Table 9.15	24,191,435,492	4,437,739,910	3,184,237,059	25,444,938,343
	176,234,863,848	75,847,472,027	71,849,547,190	180,232,788,685
Less: allowance for valuation	23,314,679,909	777,348,989	1,213,097,930	23,750,428,850
Total	152,920,183,939	76,624,821,016	73,062,645,120	156,482,359,835

Enterprise Crown Corporations and Other Government Business Enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include The Canadian Wheat Board and the various Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

- i. designation by Parliament, through a special act of incorporation;
- ii. statutory authorization; or,
- iii. proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the quarterly report entitled *Inventory of Government of Canada Organisations*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

Table 9.2

Enterprise Crown Corporations and Other Government Business Enterprises

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Investments —				
Investments and accumulated profits/losses (Table 9.5)	34,262,689,950	5,058,739,000	1,444,910,000	37,876,518,950
Loans and advances ⁽¹⁾ —				
Canada Mortgage and Housing Corporation —				
Housing	2,707,006,610		121,623,284	2,585,383,326
Joint projects	632,930,273		41,416,911	591,513,362
Real estate	18,944,029		5,391,938	13,552,091
Sewage treatment projects	65,401,117		12,421,774	52,979,343
Student housing projects	133,861,402		15,596,263	118,265,139
	3,558,143,431		196,450,170	3,361,693,261
Finance —				
Business Development Bank of Canada	12,561,438,775	24,275,937,309	23,622,987,460	13,214,388,624
Canada Lands Company Limited	92,445,000	21,852	2,270,000	90,196,852
Canada Mortgage and Housing Corporation	63,036,929,095	2,409,735,000	5,684,931,614	59,761,732,481
Farm Credit Canada	19,325,795,000	38,497,079,000	36,648,957,000	21,173,917,000
	95,016,607,870	65,182,773,161	65,959,146,074	94,240,234,957
Subtotal — Loans and advances	98,574,751,301	65,182,773,161	66,155,596,244	97,601,928,218
Less:				
Amount expected to be repaid from future appropriations	2,146,637,464	44,169,158		2,102,468,306
Unamortized discounts and premiums	28,555,979	28,226,822	27,759,600	28,088,757
Total — Loans and advances	96,399,557,858	65,255,169,141	66,183,355,844	95,471,371,155
Total	130,662,247,808	70,313,908,141	67,628,265,844	133,347,890,105

⁽¹⁾ These loans are recorded at cost.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed in Tables 9.3 to 9.5. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2013 or 2012.

Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low cost financing for housing, and the national well being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

Housing

Advances made for moderate to low income housing bear interest at rates from 5 percent to 16.10 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

Joint projects

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 5.00 percent to 17.96 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

Real estate

Advances made for the acquisition and development of real estate bear interest at rates from 9.53 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

Sewage treatment projects

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 percent to 9.63 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

Student housing projects

Advances made for student housing projects bear interest at rates from 5 percent to 10.05 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

Business Development Bank of Canada

Direct lending to Crown corporations

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.92 percent to 2.10 percent per annum.

Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is wholly owned by the Government of Canada. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly owned subsidiary. CLC's objective is to carry out a commercially oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, one note has been issued. An amount of \$2.3 million was repaid during the year and an amount of \$2.7 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

Canada Mortgage and Housing Corporation

Direct lending to Crown corporations

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Included in loans and advances to Canada Mortgage and Housing Corporation is \$51,653 million in outstanding lending related to the Insurance Mortgage Purchase Program.

All the loans outstanding at year end bear interest at rates from 0.93 percent to 4.24 percent per annum.

Farm Credit Canada

Direct lending to Crown corporations

The Farm Credit Canada was established in 1959 by the *Farm Credit Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.83 percent to 3.84 percent per annum.

Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2013 and 2012 is as follows:

	2012-2013	2011-2012
	(in millions of dollars)	
Corporation —		
Business Development Bank of Canada ..	119.5	111.2
Canada Mortgage and Housing Corporation	2,206.0	2,301.3
Farm Credit Canada	221.8	196.5
Total	2,547.3	2,609.0

Summary Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 to 9.5 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. Most enterprise Crown corporations and other government business enterprises follow International Financial Reporting Standards.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accruals, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits which are recognized in comprehensive income but excluded from net income. Other comprehensive income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then, reflected in the government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly owned subsidiaries that are considered "deemed parent Crown corporations" and are excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2013 is provided in Table 9.10.

Table 9.3

Summary Combined Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises by Segment

(in thousands of dollars)

	Competitive, self sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
Assets, Liabilities and Equity as at March 31, 2013						
Assets						
Financial —						
Third parties	7,386,474	1,638,057	376,495,108	1,907,355	27,676	387,454,670
Government, Crown corporations and other entities	2,155,393	79,294,001	7,881,109	681	6,347	89,337,531
Total financial assets	9,541,867	80,932,058	384,376,217	1,908,036	34,023	476,792,201
Non financial assets	6,800,538	354,010	1,547,916	275,301	41,576	9,019,341
Total assets as reported	16,342,405	81,286,068	385,924,133	2,183,337	75,599	485,811,542
Elimination adjustments	(122,256)	(1,083)	(226,859)		(235)	(350,433)
Total assets	16,220,149	81,284,985	385,697,274	2,183,337	75,364	485,461,109
Liabilities						
Third parties —						
Borrowings	1,474,779		242,460,479	1,707,670	4,255	245,647,183
Bank of Canada notes in circulation and amounts owing to depositors		60,920,402				60,920,402
Other liabilities	9,048,772	1,527,504	13,272,212	475,667	24,754	24,348,909
Government, Crown corporations and other entities	238,665	18,405,933	98,023,295		204	116,668,097
Total liabilities	10,762,216	80,853,839	353,755,986	2,183,337	29,213	447,584,591
Equity of Canada as reported	5,580,189	432,229	32,168,147		46,386	38,226,951
Elimination adjustments	(122,256)	(1,083)	(226,859)		(235)	(350,433)
Equity of Canada	5,457,933	431,146	31,941,288		46,151	37,876,518
Total liabilities and equity	16,220,149	81,284,985	385,697,274	2,183,337	75,364	485,461,109
Contingent liabilities	59,866	53,863	2,290,848			2,404,577
Contractual obligations	1,783,523	267,342	41,853,153	38,110	9,295	43,951,423
Revenues, Expenses and Other Changes in Equity for the Year Ended March 31, 2013						
Revenues						
Third parties	11,348,668	8,324	14,429,766	3,519,625	184,975	29,491,358
Government, Crown corporations and other entities	459,414	1,684,731	2,114,708	182,568		4,441,421
Total revenues	11,808,082	1,693,055	16,544,474	3,702,193	184,975	33,932,779
Expenses						
Third parties	11,029,710	522,363	9,750,771	3,700,634	180,260	25,183,738
Government, Crown corporations and other entities	281,006	110,049	2,994,384		484	3,385,923
Total expenses	11,310,716	632,412	12,745,155	3,700,634	180,744	28,569,661
Net income (loss) for the year	497,366	1,060,643	3,799,319	1,559	4,231	5,363,118
Equity of Canada, beginning of the year as reported	5,443,046	425,436	28,651,421		42,383	34,562,286
Equity adjustments and other	81,663		(363,107)	(1,559)	(165)	(283,168)
Elimination adjustments	(122,256)	(1,083)	(226,859)		(235)	(350,433)
Other comprehensive income (loss)	(205,640)	29,760	205,568		(63)	29,625
Equity transactions with the Government —						
Dividends	(236,246)	(1,083,610)	(125,054)			(1,444,910)
Capital						
Equity of Canada, end of the year	5,457,933	431,146	31,941,288		46,151	37,876,518

Table 9.4

Financial Position of Enterprise Crown Corporations and Other Government Business Enterprises — Assets, Liabilities and Equity as at March 31, 2013

(in thousands of dollars)

Enterprise Crown corporations and other government business enterprises ⁽¹⁾	Assets			Total assets
	Financial	Government, Crown corporations and other entities	Non financial	
	Third parties			
Competitive, self sustaining				
Blue Water Bridge Authority	17,837	650	227,043	245,530
Canada Development Investment Corporation ⁽²⁾	4,515,188	124,542	162,987	4,802,717
Canada Lands Company Limited ⁽³⁾	198,061	44,474	411,545	654,080
Parc Downsview Park Inc. ⁽³⁾				
Canada Post Corporation	1,951,899	1,922,228	3,105,702	6,979,829
Halifax Port Authority ⁽⁴⁾	4,799	2,445	188,074	195,318
Hamilton Port Authority ⁽⁴⁾	16,690		100,708	117,398
Montreal Port Authority ⁽⁴⁾	48,942	43,222	246,135	338,299
Prince Rupert Port Authority ⁽⁴⁾	53,033		48,958	101,991
Quebec Port Authority ⁽⁴⁾	27,569	6	139,248	166,823
Ridley Terminals Inc.	129,498		226,541	356,039
Royal Canadian Mint	59,129	12,267	331,877	403,273
Saint John Port Authority ⁽⁴⁾	17,086		72,130	89,216
Toronto Port Authority ⁽⁴⁾	38,161		113,138	151,299
Vancouver Fraser Port Authority ⁽⁴⁾	140,544	1	1,100,319	1,240,864
Other Canada Port Authorities ^{(4) (5)}	168,038	5,558	326,133	499,729
<i>Total — Competitive, self-sustaining</i>	<i>7,386,474</i>	<i>2,155,393</i>	<i>6,800,538</i>	<i>16,342,405</i>
Bank of Canada	1,638,057	79,294,001	354,010	81,286,068
Lending and insurance				
Business Development Bank of Canada	18,117,187		66,718	18,183,905
Canada Deposit Insurance Corporation	710,986	1,852,872	11,270	2,575,128
Canada Mortgage and Housing Corporation	295,530,108	5,997,023	477,712	302,004,843
Export Development Canada	36,393,985	31,214	864,244	37,289,443
Farm Credit Canada	25,742,842		127,972	25,870,814
<i>Total — Lending and insurance</i>	<i>376,495,108</i>	<i>7,881,109</i>	<i>1,547,916</i>	<i>385,924,133</i>
Marketing				
Canadian Wheat Board, The ⁽⁶⁾	1,898,490	681	238,973	2,138,144
Freshwater Fish Marketing Corporation	8,865		36,328	45,193
<i>Total — Marketing</i>	<i>1,907,355</i>	<i>681</i>	<i>275,301</i>	<i>2,183,337</i>
Other				
Atlantic Pilotage Authority	3,140		11,455	14,595
Great Lakes Pilotage Authority	797		869	1,666
Laurentian Pilotage Authority	11,148		17,933	29,081
Pacific Pilotage Authority	12,591	6,347	11,319	30,257
<i>Total — Other</i>	<i>27,676</i>	<i>6,347</i>	<i>41,576</i>	<i>75,599</i>
<i>Total</i>	<i>387,454,670</i>	<i>89,337,531</i>	<i>9,019,341</i>	<i>485,811,542</i>
Elimination adjustments		(263,741)	(86,692)	(350,433)
<i>Total</i>	<i>387,454,670</i>	<i>89,073,790</i>	<i>8,932,649</i>	<i>485,461,109</i>

⁽¹⁾ All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.

Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

⁽²⁾ The financial information of the Canada Development Investment Corporation is consolidated to include the Canada Hibernia Holding Corporation.⁽³⁾ On November 29, 2012 the Minister of Public Works and Government Services Canada and Minister of Status of Women, announced that Canada Lands Company Limited (CLCL) would take full responsibility for the Old Port of Montreal Corp. Inc. (OPMC) and Park Downsview Parc Inc. (PDP). That announcement provided CLCL with the power to determine their strategic operating, investing and financing policies. From that date, the operations of OPMC and PDP are consolidated in the financial statements of CLCL.

Liabilities								
Third parties		Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
Borrowings	Other							
97,606	11,218	109	108,933	136,597			136,597	245,530
	139,452	1,073	140,525	1,445,897	3,216,294	1	4,662,192	4,802,717
47,375	65,462	84,928	197,765	275,145	181,170		456,315	654,080
1,051,115	8,189,350	59,100	9,299,565	(3,474,907)	1,155,171		(2,319,736)	6,979,829
30,774	16,217	745	47,736	96,725	50,857		147,582	195,318
	6,647		6,647	92,385	18,366		110,751	117,398
	113,321	988	114,309	(11,209)	235,199		223,990	338,299
11,734	21,502		33,236	32,542	36,213		68,755	101,991
290	20,328	55,925	76,543	33,018	57,262		90,280	166,823
38,456	118,025		156,481	(484)	64,000	136,042	199,558	356,039
38,976	57,221	21,645	117,842	245,431		40,000	285,431	403,273
	5,867		5,867	21,690	61,659		83,349	89,216
11,603	53,963		65,566	85,733			85,733	151,299
103,485	98,971	1,427	203,883	886,722	150,259		1,036,981	1,240,864
43,365	131,228	12,725	187,318	157,636	154,775		312,411	499,729
1,474,779	9,048,772	238,665	10,762,216	22,921	5,381,225	176,043	5,580,189	16,342,405
	62,447,906	18,405,933	80,853,839	402,229	25,000	5,000	432,229	81,286,068
647,617	447,246	13,227,608	14,322,471	1,745,256	27,778	2,088,400	3,861,434	18,183,905
	1,257,827	1,021	1,258,848	1,316,280			1,316,280	2,575,128
214,509,028	9,556,563	63,525,455	287,591,046	14,388,787	25,010		14,413,797	302,004,843
26,613,068	1,604,932	5,106	28,223,106	7,733,137		1,333,200	9,066,337	37,289,443
690,766	405,644	21,264,105	22,360,515	2,962,574	547,725		3,510,299	25,870,814
242,460,479	13,272,212	98,023,295	353,755,986	28,146,034	600,513	3,421,600	32,168,147	385,924,133
1,676,888	461,256		2,138,144					2,138,144
30,782	14,411		45,193					45,193
1,707,670	475,667		2,183,337					2,183,337
4,255	3,036		7,291	7,304			7,304	14,595
	4,767		4,767	(3,101)			(3,101)	1,666
	9,092		9,092	19,989			19,989	29,081
	7,859	204	8,063	22,194			22,194	30,257
4,255	24,754	204	29,213	46,386			46,386	75,599
245,647,183	85,269,311	116,668,097	447,584,591	28,617,570	6,006,738	3,602,643	38,226,951	485,811,542
				(350,433)			(350,433)	(350,433)
245,647,183	85,269,311	116,668,097	447,584,591	28,267,137	6,006,738	3,602,643	37,876,518	485,461,109

⁽⁴⁾ Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

⁽⁵⁾ Consists of the combined figures of the Canada Port Authorities of Belledune, Nanaimo, Oshawa, Port Alberni, Saguenay, Sept Îles, St. John's, Thunder Bay, Trois Rivières and Windsor.

⁽⁶⁾ The Canadian Wheat Board, which is not a Crown corporation or agent of the Crown, is considered an other government business enterprise.

Table 9.5

Revenues, Expenses and Other Changes in Equity of Enterprise Crown Corporations and Other Government Business Enterprises for the Year Ended March 31, 2013

(in thousands of dollars)

Enterprise Crown corporations and other government business enterprises	Revenues			Expenses		
	Third parties	Government, Crown corporations and other entities ⁽¹⁾	Total	Third parties	Government, Crown corporations and other entities	Total
Competitive, self sustaining						
Blue Water Bridge Authority	23,109		23,109	25,021		25,021
Canada Development Investment Corporation	348,721	1,053	349,774	107,134	36,821	143,955
Canada Lands Company Limited	215,988	8,174	224,162	167,378	8,211	175,589
Parc Downsview Park Inc.	11,657	313	11,970	14,332		14,332
Canada Post Corporation	7,360,999	287,355	7,648,354	7,477,814	161,913	7,639,727
Halifax Port Authority	31,755		31,755	24,820	1,267	26,087
Hamilton Port Authority	20,246		20,246	18,617		18,617
Montreal Port Authority	89,957	844	90,801	75,004	4,792	79,796
Prince Rupert Port Authority	30,039	8,895	38,934	21,542	1,658	23,200
Quebec Port Authority	35,353	764	36,117	25,304	(1,564)	23,740
Ridley Terminals Inc.	111,061		111,061	53,370	5,536	58,906
Royal Canadian Mint	2,752,615	151,536	2,904,151	2,817,490	55,239	2,872,729
Saint John Port Authority	16,491		16,491	15,298	462	15,760
Toronto Port Authority	50,284		50,284	33,252		33,252
Vancouver Fraser Port Authority	190,233	126	190,359	107,566	6,051	113,617
Other Canada Port Authorities	60,160	354	60,514	45,768	620	46,388
<i>Total — Competitive, self-sustaining</i>	<i>11,348,668</i>	<i>459,414</i>	<i>11,808,082</i>	<i>11,029,710</i>	<i>281,006</i>	<i>11,310,716</i>
<i>Bank of Canada</i>	<i>8,324</i>	<i>1,694,731</i>	<i>1,693,055</i>	<i>522,363</i>	<i>110,049</i>	<i>632,412</i>
Lending and insurance						
Business Development Bank of Canada	983,424	(119,600)	863,824	394,735	4,272	399,007
Canada Deposit Insurance Corporation	130,923	28,188	159,111	132,244	4,240	136,484
Canada Mortgage and Housing Corporation	10,792,342	2,205,319	12,997,661	8,599,711	2,751,986	11,351,697
Export Development Canada	1,383,636	801	1,384,437	226,572	4,891	231,463
Farm Credit Canada	1,139,441		1,139,441	397,509	228,995	626,504
<i>Total — Lending and insurance</i>	<i>14,429,766</i>	<i>2,114,708</i>	<i>16,544,474</i>	<i>9,750,771</i>	<i>2,994,384</i>	<i>12,745,155</i>
Marketing						
Canadian Wheat Board, The.	3,460,038	182,568	3,642,606	3,642,606		3,642,606
Freshwater Fish Marketing Corporation	59,587		59,587	58,028		58,028
<i>Total — Marketing</i>	<i>3,519,625</i>	<i>182,568</i>	<i>3,702,193</i>	<i>3,700,634</i>		<i>3,700,634</i>
Other						
Atlantic Pilotage Authority	20,356		356	20,596		20,596
Great Lakes Pilotage Authority	20,600		20,600	19,719		19,719
Laurentian Pilotage Authority	78,111		78,111	75,639		75,639
Pacific Pilotage Authority	65,908		65,908	64,306	484	64,790
<i>Total — Other</i>	<i>184,975</i>		<i>184,975</i>	<i>180,260</i>	<i>484</i>	<i>180,744</i>
Total	29,491,358	4,441,421	33,932,779	25,183,738	3,385,923	28,569,661
Elimination adjustments						
Total net results	29,491,358	4,441,421	33,932,779	25,183,738	3,385,923	28,569,661
Less equity adjustments						
Share of annual profit						

The accompanying notes for Table 9.4 are an integral part of this table.

⁽¹⁾ Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income, financial assistance as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under "Equity transactions with the Government".

Net income (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income (loss)	Equity transactions with the Government		Equity end of year
				Dividends	Capital	
(1,912)	139,041	(532)				136,597
205,819	4,294,827		367,792	(206,246)		4,662,192
48,573	391,653	36,089		(20,000)		456,315
(2,362)	(27,671)	30,033				
8,627	(1,807,387)	7,640	(528,616)			(2,319,736)
5,668	143,394		(1,480)			147,582
1,629	109,998		(876)			110,751
11,005	240,407		(27,422)			223,990
15,734	53,610		(589)			68,755
12,377	77,355	1,708	(1,160)			90,280
52,155	152,520		(5,117)			199,558
31,422	265,766	(1,303)	(454)	(10,000)		285,431
731	82,618					83,349
17,032	68,497		204			85,733
76,742	966,604		(6,365)			1,036,981
14,126	291,814	8,028	(1,557)			312,411
497,366	5,443,046	81,663	(205,640)	(236,246)		5,580,189
1,060,643	425,436		29,760	(1,083,610)		432,229
464,817	3,509,980		(44,739)	(68,624)		3,861,434
22,627	1,292,392	1,146	115			1,316,280
1,645,964	12,637,334	(112,834)	243,333			14,413,797
1,152,974	8,119,699	(257,583)	51,247			9,066,337
512,937	3,092,016	6,164	(44,388)	(56,430)		3,510,299
3,799,319	28,651,421	(363,107)	205,568	(125,054)		32,168,147
1,559		(1,559)				
1,559		(1,559)				
(240)	7,607		(63)			7,304
881	(3,900)	(82)				(3,101)
2,472	17,517					19,989
1,118	21,159	(83)				22,194
4,231	42,383	(165)	(63)			46,386
5,363,118	34,562,286	(283,168)	29,625	(1,444,910)		38,226,951
	(299,597)	(84,855)	34,019			(350,433)
5,363,118	34,262,689	(368,023)	63,644	(1,444,910)		37,876,518
(368,023)		368,023				
4,995,095	34,262,689		63,644	(1,444,910)		37,876,518

Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.6 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings

therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times be guaranteed by the Government.

Table 9.6
Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises
(in thousands of dollars)

	Balance April 1/2012	Borrowings and other credits	Repayments and other charges	Balance March 31/2013
Agent enterprise Crown corporations				
Business Development Bank of Canada	657,598	3,732	13,713	647,617
Canada Mortgage and Housing Corporation	215,472,161	39,392,194	40,355,327	214,509,028
Canada Post Corporation	1,050,963	152		1,051,115
Export Development Canada	24,140,663	36,160,523	33,688,118	26,613,068
Farm Credit Canada	912,996	786,804	1,009,034	690,766
Freshwater Fish Marketing Corporation	23,696	30,782	23,696	30,782
Parc Downsview Park Inc.	60,000	19,000	79,000	
Royal Canadian Mint	10,475	29,997	1,496	38,976
Total — Agent enterprise Crown corporations	242,328,552	76,423,184	75,170,384	243,581,352
Non-agent enterprise Crown corporations and other government business enterprises				
Atlantic Pilotage Authority	3,528	1,000	273	4,255
Blue Water Bridge Authority	101,350	17	3,761	97,606
Canada Lands Company Limited ⁽¹⁾	11,573	81,500	45,698	47,375
Canadian Wheat Board, The	1,858,843	9,328,155	9,510,110	1,676,888
Halifax Port Authority ⁽²⁾	17,605	13,169		30,774
Prince Rupert Port Authority ⁽²⁾	13,826		2,092	11,734
Quebec Port Authority ⁽²⁾	8,376	290	8,376	290
Ridley Terminals Inc.	39,688		1,232	38,456
Toronto Port Authority ⁽²⁾	16,372		4,769	11,603
Vancouver Fraser Port Authority ⁽²⁾	103,534	11,623	11,672	103,485
Other Canada Port Authorities ⁽²⁾	52,073	879	9,587	43,365
Total — Non-agent enterprise Crown corporations and other government business enterprises	2,226,768	9,436,633	9,597,570	2,065,831
Total	244,555,320	85,859,817	84,767,954	245,647,183
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises	244,555,320			245,647,183
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Consolidated Statement of Financial Position. . .				

⁽¹⁾ Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company C.L.C. Limited, which is not an agent of the Crown.

⁽²⁾ The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.7 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises as at March 31, 2013.

Table 9.7

Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2013	56,121,478	1,569,302	57,690,780
2014	40,897,835	13,604	40,911,439
2015	32,796,526	180,195	32,976,721
2016	34,118,072	13,917	34,131,989
2017	33,539,423	47,600	33,587,023
Subsequent years	46,108,018	241,213	46,349,231
Total	243,581,352	2,065,831	245,647,183 ⁽¹⁾

⁽¹⁾ The borrowings are composed in Canadian dollar equivalent of 19,165,747 USD, 2,378,486 GBP, 442,549 JPY, 3,146,899 AUD, 602,861 NZD, 47,949 TRY, 148,987 SWK, 94,236 NOK, 13,713 HKD, 298,811 CHF, 267,456 BRL, 75,328 CLP, 23,378 MXN and 218,940,783 CAD.

Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.8 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 9.8

Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

(in thousands of dollars)

	March 31/2013
Bank of Canada — Callable shares	53,863
Business Development Bank of Canada — Loan guarantees	25,447
Canada Development Investment Corporation — Performance guarantee	8,500
Canada Lands Company Limited — Letters of credit	25,000
Canada Mortgage and Housing Corporation —	
Claims and pending and threatened litigation	43,180
Letters of credit	88,000
Export Development Canada — Loan guarantees	2,131,867
Farm Credit Canada — Letters of credit	2,354
Halifax Port Authority — Claims and pending and threatened litigation	2,074
Prince Rupert Port Authority —	
Claims and pending and threatened litigation	4,200
Performance guarantee	3,435
Royal Canadian Mint — Loan guarantees	5,700
Vancouver Fraser Port Authority — Claims and pending and threatened litigation	10,957
Total	2,404,577

Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.9 summarizes the contractual obligations of enterprise crown corporations and other government business enterprises.

A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract. Contractual obligations are classified into four main categories: transfer payment agreements, loans authorized but undisbursed, capital expenditures and operating leases.

Table 9.9

Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises at March 31, 2013

(in thousands of dollars)

	Transfer payment agreements	Loans	Capital expenditures	Operating leases and other	Total
Atlantic Pilotage Authority			108	3,155	3,263
Bank of Canada				267,342	267,342
Blue Water Bridge Authority			137	1,165	1,302
Business Development Bank of Canada		2,653,414	20,203	162,869	2,836,486
Canada Deposit Insurance Corporation			3,155	12,032	15,187
Canada Development Investment Corporation				37,484	37,484
Canada Lands Company Limited			20,700	5,877	26,577
Canada Mortgage and Housing Corporation	17,991,321	171,000			18,162,321
Canada Post Corporation				1,093,000	1,093,000
Canadian Wheat Board, The			38,110		38,110
Export Development Canada		17,666,054		67,000	17,733,054
Farm Credit Canada		2,912,144	58,236	135,725	3,106,105
Great Lakes Pilotage Authority				822	822
Halifax Port Authority			800		800
Hamilton Port Authority				76	76
Laurentian Pilotage Authority			788	2,663	3,451
Montreal Port Authority			15,465	7,066	22,531
Pacific Pilotage Authority				1,759	1,759
Prince Rupert Port Authority			5,430		5,430
Ridley Terminals Inc.			28,690	196,950	225,640
Royal Canadian Mint			9,500	126,982	136,482
Vancouver Fraser Port Authority		130,485	100,272	2,809	233,563
Other Canada Port Authorities			621	14	635
Total	17,991,321	23,533,067	302,215	2,124,790	43,951,423

Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.10 summarizes financial assistance for both agent and non-agent enterprise crown corporations and other government business enterprises. It should be read in conjunction with

Table 9.5. The purpose for which payments have been made is segregated between: (a) amounts recorded as program transactions; (b) amounts recorded as operating transactions; (c) amounts used for the acquisition of capital assets; and, (d) amounts recorded as transfer payments.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Table 9.10

Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises for the Year Ended March 31, 2013

(in thousands of dollars)

	Program	Operating	Capital	Transfer payments	Financial assistance
Canada Mortgage and Housing Corporation ⁽¹⁾	2,086,398				2,086,398
Canada Post Corporation	22,210				22,210
Canadian Wheat Board, The				182,568	182,568
Canada Lands Company Limited	5,592				5,592
Total	2,114,200			182,568	2,296,768

⁽¹⁾ Includes budgetary appropriations for Government programs known as the "Minister's Account".

Portfolio Investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of portfolio investments.

Table 9.11
Portfolio Investments

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Lower Churchill Development Corporation Limited — Natural Resources	14,750,000			14,750,000
Other —				
Co-operative Housing Project — Environment — Parks Canada Agency	337,106			337,106
Canada Pension Plan Investment Board — Finance	100			100
Canada Investment Fund for Africa — Foreign Affairs and International Trade — Canadian International Development Agency	78,496,167	1,098,225	6,569,580	73,024,812
Equity Ownership — Industry — National Research Council of Canada	471,952			471,952
Public Sector Pension Investment Board — Treasury Board	100			100
North Portage Development Corporation — Western Economic Diversification				
	79,305,425	1,098,225	6,569,580	73,834,070
Total	94,055,425	1,098,225	6,569,580	88,584,070

Lower Churchill Development Corporation Limited

The Lower Churchill Development Corporation (LCDC) was incorporated in 1978 under the *Companies Act of Newfoundland*, with the objective of developing all or part of the hydroelectric potential of the Lower Churchill Basin. It is owned 51 percent by Newfoundland and Labrador Hydro, the designate for the Government of Newfoundland and Labrador, and 49 percent by Canada. LCDC is not an active operating company.

Canada owns 1,475 class A shares, which it purchased for \$10,000 per share in the initial years of the corporation. Funds were used to finance feasibility studies for proposed Lower Churchill projects. The corporation's only asset was an Option Right to purchase the Gull Island Production Company's assets and acquire hydroelectric development rights on the Lower Churchill River, granted by the Government of Newfoundland and Labrador in exchange for its initial ownership stake, valued at \$5,200,000.

The option has expired and has not been extended by the province, resulting in an investment write-down for LCDC.

Co-operative Housing Project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada employees and employees of other entities in Banff, Alberta.

Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board ("Board") was created pursuant to the *Canada Pension Plan Investment Board Act*. The Board's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of \$10 each issued as per legislation. The assets managed by the Board are included in the CPP financial statements. They are excluded from the Government's consolidated financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

Public Accounts of Canada, 2012-2013
Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: (i) \$100 million or (ii) the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. From thereon, until the term of the partnership is reached on December 31, 2013, the Canadian International Development Agency will only receive income returns of capital. Since its inception, the Canadian International Development Agency received capital reimbursement from CIFA amounting to \$33.0 million and investment income of \$6.7 million.

Equity Ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)(b) of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represents a minority interest in three publicly traded companies and one privately held company. During the year, there were no transactions.

Public Sector Pension Investment Board

The Public Sector Pension Investment Board ("Board") was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest the amounts transferred by the Government of Canada equal to the proceeds of the net contributions since April 1, 2000 for the pension plans of the Public Service, Canadian Forces, Royal Canadian Mounted Police and since March 1, 2007 for the Reserve Force Pension Plan. The Board's objective is to achieve maximum rates of return on investments, without undue risk while respecting the requirements and financial obligations of those plans.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of \$10 each issued as per legislation. The assets managed by the Board are recorded against the pension liability.

North Portage Development Corporation

The Corporation was incorporated under *The Corporations Act* of Manitoba, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

National Governments including Developing Countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

Table 9.12
National Governments including Developing Countries

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Foreign Affairs and International Trade — Development of export trade (loans administered by Export Development Canada) . .	145,564,883	37,637,246	34,456,120	148,746,009
Foreign Affairs and International Trade — Canadian International Development Agency — Developing countries — International development assistance . . .	247,515,546	43,231,217	64,408,725	226,338,038
National Defence — North Atlantic Treaty Organization — Damage claims recoverable .		9,799	9,799	
Total	393,080,429	80,878,262	98,874,644	375,084,047

Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

	Payments and other charges			Receipts and other credits	
	April 1/2012	Payments or other charges ⁽¹⁾	Revaluation	Receipts or other credits ⁽²⁾	March 31/2013
	\$	\$	\$	\$	\$
Non-Budgetary Loans ⁽³⁾ —					
(a) 11 to 15 year term, 7.75 percent to 8.26 percent interest per annum, with final repayments in March 2007:					
Argentina	26,564,572		468,770		27,033,342
(b) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 1.0 percent per annum, with final repayments between December 2019 and June 2020:					
Kenya	831,734		15,095	29,673	817,156
(c) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 0.63 percent per annum, with final repayments between October 2018 and June 2021:					
Indonesia	491,742		8,538		466,469
Venezuela	39,538,583		516,485	7,794,607	32,260,461
	40,030,325		525,023	7,794,607	32,726,930
(d) 21 to 25 year term, 9.0 percent to 10.0 percent interest per annum, with final repayments in September 2000:					
Sudan	3,854,477		156,123		4,010,600
(e) 21 to 25 year term, interest based on LIBOR, plus 0.55 percent per annum, with final repayments in November 2024:					
Pakistan	5,914,741		112,731	194,184	5,833,288
Total — Non-budgetary loans	77,195,849		1,277,742	8,018,464	70,421,316
Budgetary Loans ⁽³⁾ —					
(a) 21 to 25 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2011 and November 2015:					
Indonesia	9,458,389		141,955	2,875,270	6,725,074
(b) 26 to 30 year term, 3.0 percent interest per annum, with final repayments between December 2016 and April 2018:					
Algeria	3,278,000			568,000	2,710,000
(c) 31 to 55 year term, 0 percent to 10.29 percent interest per annum, with final repayments between September 2029 and February 2045:					
China	394,853,829		6,876,497	15,392,384	386,337,942
Egypt	8,291,422		39,954	324,337	8,007,039
Gabon	7,057,400		125,997	251,151	6,932,246
India	40,401,810		704,686	1,281,223	39,825,273
Jamaica	4,839,481		85,264	184,132	4,740,613
Morocco	68,381,208		1,185,904	2,563,826	67,003,286
Turkey	83,028,021		1,461,898	2,739,823	81,750,096
	606,853,171		10,480,200	22,736,876	594,596,495

	Payments and other charges			Receipts and other credits		March 31/2013
	April 1/2012	Payments or other charges ⁽¹⁾	Revaluation	Receipts or other credits ⁽²⁾	Revaluation	
	\$	\$	\$	\$	\$	\$
(d) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0 percent to 2.21 percent per annum, with final repayments between December 2018 and December 2033:						
Kenya	4,597,472		81,092	223,699		4,454,865
Total — Budgetary loans	624,187,032		10,703,247	26,403,845		608,486,434
Subtotal	701,382,881		11,980,989	34,422,309	33,811	678,907,750
Less: portion expensed due to concessionary terms.	555,817,998	25,656,257				530,161,741
Total	145,564,883	25,656,257	11,980,989	34,422,309	33,811	148,746,009

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

⁽¹⁾ Payments or other charges may include transactions such as loans, adjustments, etc.

⁽²⁾ Receipts or other credits may include transactions such as repayments, forgiveness, etc.

⁽³⁾ Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.

Developing countries — International development assistance

Interest free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International Organizations".

In 2006-2007, the Government of Canada, as represented by the Canadian International Development Agency, entered into an agreement with the Government of Pakistan to forgive its outstanding \$447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009-2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the current present value of its debt. According to the agreement, Pakistan's debt is to be written down proportionally by the Canadian International Development Agency as the investments are made in 2012-2013. The Government of Pakistan has invested in its education sector program and those investments permitted the Canadian International Development Agency to grant the Government of Pakistan a debt forgiveness equivalent to \$40,864,654. Since 2009-2010, the Government of Pakistan's debt has been reduced by the total amount of \$187,349,339.

	April 1/2012	Payments and other charges	Receipts and other credits ⁽¹⁾	March 31/2013
	\$	\$	\$	\$
(a) 30 year term, 7 year grace period, 3.0 percent interest per annum, with final repayment in March 2005:				
Cuba	9,547,012			9,547,012
(b) 35 year term, 4 year grace period, 5.0 percent interest per annum, semi annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt	44,995,933			44,995,933
(c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	4,892,099		427,722	4,464,377
Argentina	93,333		18,667	74,666
Bolivia	423,951		42,395	381,556
Brazil	146,395		20,914	125,481
Chile	539,340		98,062	441,278
Colombia	157,848		26,308	131,540
Dominican Republic	2,706,240		236,045	2,470,195
Ecuador	2,932,435		304,919	2,627,516
Guatemala	1,481,250		100,000	1,381,250
Indonesia	144,503,036		9,222,221	135,280,815
Malaysia	1,231,013		62,935	1,168,078
Malta	299,980		25,000	274,980
Mexico	13,857		2,771	11,086
Morocco	4,864,391		485,461	4,378,930
Myanmar (Burma)	8,306,202			8,306,202
Pakistan	301,022,849		40,864,654	260,158,195
Paraguay	89,983		19,996	69,987
Peru	22,370		3,729	18,641
Philippines	1,257,631		97,159	1,160,472
Sri Lanka	66,848,090		4,325,399	62,522,691
Thailand	14,551,191		3,483,549	11,067,642
Tunisia	38,697,156		3,295,728	35,401,428
	595,080,640		63,163,634	531,917,006
(d) 50 year term, 13 year grace period, non-interest bearing, with the final repayment in March 2023:				
Algeria	13,696,005		1,245,091	12,450,914
Subtotal	663,319,596		64,408,725	598,910,865
Less: portion expensed due to concessionary terms	415,804,044	43,231,217		372,572,827
Total	247,515,546	43,231,217	64,408,725	226,338,038

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

(1) Receipts and other credits may include transactions such as repayments, forgiveness, etc.

North Atlantic Treaty Organization — Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International Organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid in capital of these organizations are reported in Table 9.13.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 (Section 11 of this volume).

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of (\$1 US/\$1.0160 Cdn).

Tables 11.4 and 11.6 (Section 11 of this volume) present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The notes payable outstanding at year-end of \$469,236,058 (\$471,283,025 in 2012) are reported in Table 5.3 (Section 5 of this volume).

Table 9.13
International Organizations

	Payments and other charges			Receipts and other credits		March 31/2013
	Participation or other charges	Revaluation		Reimbursements or other credits	Revaluation	
April 1/2012						
\$	\$	\$		\$	\$	\$
Capital subscriptions ⁽¹⁾ —						
Finance —						
European Bank for Reconstruction and Development	215,657,174		3,999,657			219,656,831
International Bank for Reconstruction and Development (World Bank)	392,383,737	41,752,173	6,727,936			440,863,846
International Development Association ⁽²⁾ (3)	9,406,118,061	441,610,000				9,847,728,061
International Finance Corporation	81,138,645		1,504,827			82,643,472
Multilateral Investment Guarantee Agency	10,705,419		198,547			10,903,966
	10,106,003,036	483,362,173	12,430,967			10,601,796,176
Foreign Affairs and International Trade —						
Canadian International Development Agency —						
African Development Bank	164,480,490	28,605,045	1,961,443			195,046,978
Asian Development Bank	229,685,965	34,107,278	2,363,644			266,156,887
Caribbean Development Bank	23,224,714	17,336,941	504,817			41,066,472
Inter American Development Bank	193,308,647	13,352,129	3,984,515			210,645,291
	610,699,816	93,401,393	8,814,419			712,915,628
	10,716,702,852	576,763,566	21,245,386			11,314,711,804

Table 9.13

International Organizations — Concluded

	Payments and other charges			Receipts and other credits		
		Participation		Reimbursements		
	April 1/2012	or other charges	Revaluation	or other credits	Revaluation	March 31/2013
	\$	\$	\$	\$	\$	\$
Loans and advances —						
Finance —						
Global Environment Facility ⁽²⁾	10,000,000					10,000,000
International Finance Corporation — Financial						
Mechanism for Climate Change Facility	268,576,800	60,278,000				328,854,800
International Finance Corporation — Global Agriculture						
and Food Security Program	48,000,000					48,000,000
International Monetary Fund — Poverty Reduction						
and Growth Trust ⁽¹⁾	110,972,015			24,058,839	1,602,973	85,310,203
	437,548,815	60,278,000		24,058,839	1,602,973	472,165,003
Foreign Affairs and International Trade —						
International organizations and associations ⁽¹⁾ —						
Berne Union of the World Intellectual Property						
Organization	39,192					39,192
Customs Co-operation Council	9,662					9,662
Food and Agriculture Organization	1,051,200					1,051,200
General Agreement on Tariffs and Trade	48,806					48,806
International Atomic Energy Agency	447,110					447,110
International Civil Aviation Organization	200,429					200,429
International Maritime Organization	2,202					2,202
Paris Union of the World Intellectual Property						
Organization	100,989					100,989
United Nations Educational, Scientific and						
Cultural Organization	872,987					872,987
United Nations organizations	3,632,480					3,632,480
World Health Organization	181,122					181,122
	6,586,179					6,586,179
Canadian International Development Agency —						
International financial institutions ⁽²⁾ —						
African Development Bank	1,093,895			125,000		968,895
African Development Fund	2,324,156,404	108,538,495	1,387,499			2,434,082,398
Andean Development Corporation	1,437,500			125,000		1,312,500
Asian Development Bank — Special	27,027,000					27,027,000
Asian Development Fund	2,115,124,634	47,690,125				2,162,814,759
Caribbean Development Bank —						
Agricultural Development Fund	2,000,000					2,000,000
Caribbean Development Bank —						
Commonwealth Caribbean Regional	3,990,000		74,000			4,064,000
Caribbean Development Bank — Special	266,909,000	17,585,000	232,175			284,726,175
Central American Bank for Economic Integration	420,780			76,500		344,280
Global Environment Facility Trust Fund	616,820,000	54,750,000				671,570,000
Inter American Development Bank —						
Fund for Special Operations	337,161,280	861,670	3,342,546			341,365,496
International Bank for Reconstruction and						
Development	19,950,000		370,000			20,320,000
International Fund for Agriculture Development	341,883,396	12,500,000				354,383,396
International Monetary Fund	10,942,009		202,934			11,144,943
Montreal Protocol Multilateral Fund	87,956,354	4,277,502	493,662			92,727,518
Multilateral Investment Fund	49,308,294					49,308,294
	6,206,180,546	246,202,792	6,102,816	326,500		6,458,159,654
	6,650,315,540	306,480,792	6,102,816	24,385,339	1,602,973	6,936,910,836
Subtotal	17,367,018,392	883,244,358	27,348,202	24,385,339	1,602,973	18,251,622,640
Less: portion expensed due to concessionary terms	1,919,291	166,491				1,752,800
Total	17,365,099,101	883,410,849	27,348,202	24,385,339	1,602,973	18,249,869,840

⁽¹⁾ Loans and investments made prior to April 1, 1986 which were authorized by non budgetary authorities.⁽²⁾ Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.⁽³⁾ International Development Association has been transferred from Loans and advances to Capital subscriptions.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 102,049 shares of the EBRD's authorized capital valued at 1,020,490,000 EUR.

Only 212,850,000 EUR or about 21 percent of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 807,640,000 EUR.

Up to and including March 31, 2013, Canada's total cash contributions into the "paid in" capital of the EBRD total \$216,197,668 US.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2013, Canada has subscribed to 58,354 shares. The total value of these shares is \$7,039,534,790 US, of which \$417,775,385 US plus \$16,404,055 Cdn has been paid in. The remaining portion is callable.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$6,606 million US.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L15, *Appropriation Act No. 1* and *Appropriation Act No. 2, 2012-2013*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable.

As at March 31, 2013, Canada's total participation in IDA amounted to \$9,847,728,061 Cdn.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2013, Canada has subscribed to 81,342 shares. These shares have a total value of \$81,342,000 US, all of which has been paid in.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2013, Canada has subscribed to 5,225 shares. The total value of these shares is \$56,534,500 US, of which \$10,732,250 US is paid in and the remaining portion is callable.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$45,802,250 US.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,016 paid in shares and 227,656 callable shares. Paid in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2013, Canada's participation to the paid in capital is \$195,046,978 Cdn for 14,079 paid in shares and of these paid in shares, 9,551 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$984,917,646 Cdn and \$2,589,372,302 US for a total value of \$3,615,719,905 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid in shares and 527,490 callable shares. Paid in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2013, Canada's participation to the paid in capital is \$266,156,887 Cdn for 21,844 paid in shares. Of these paid in shares, 19,474 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$5,820,156,210 US and \$596,976,219 Cdn for a total value of \$6,510,254,928 Cdn.

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Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid in shares and 20,294 callable shares. Paid in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2013, Canada's participation to the paid in capital is \$41,066,472 Cdn for 5,710 paid in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$122,408,132 US for a total value of \$124,366,662 Cdn.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 20,034 paid in shares and 655,377 callable shares. Paid in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2013, Canada's participation to the paid in capital is \$210,645,291 Cdn for 16,528 paid in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$7,906,096,123 US for a total value of \$8,032,593,661 Cdn.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non negotiable, non interest bearing demand notes that are later encashed.

As at March 31, 2013, advances to the GEF amounted to \$10,000,000 Cdn.

International Finance Corporation — Financial Mechanisms for Climate Change Facility

This account records Canada's financial support of the International Finance Corporation's (IFC) — Financial Mechanisms for Climate Change (FMCC) facility as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts (including Finance Vote L12b, *Appropriation Act No. 4, 2010-2011* and Vote L17c, *Appropriation Act No. 5, 2012-2013*). The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

As at March 31, 2013, advances to the IFC FMCC amounted to \$328,854,800 Cdn. Amounts are recovered through the FMCC trust mechanism based on the terms and conditions of project funding which is administered by the IFC in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Finance Corporation — Global Agriculture and Food Security Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the C8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts.

As at March 31, 2013, advances to the IFC FSI amounted to \$48,000,000 Cdn.

During the year, accounts for front end and commitment fees and interest were repaid in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Monetary Fund — Poverty Reduction and Growth Trust

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at \$550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion.

As at March 31, 2013, Canada has lent a total of 728,520,000 SDR to the Poverty Reduction and Growth Trust. Of this amount, 672,468,250 SDR has been repaid.

The outstanding balance of 56,051,750 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR/\$1.52199 Cdn). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to 215,157,946 SDR, which do not appear in Table 9.13.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Votes L35 and L40, *Appropriation Act No. 2, 2012-2013*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years and revaluations for foreign currency fluctuations.

Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

Table 9.14
Provincial and Territorial Governments

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Newfoundland and Labrador —				
Finance —				
Federal provincial fiscal arrangements	346,933,652		18,936,408	327,997,244
Municipal Development and Loan Board	315,626			315,626
Winter capital projects fund	2,836,758			2,836,758
Total Newfoundland and Labrador	350,086,036		18,936,408	331,149,628
Nova Scotia —				
Finance —				
Federal provincial fiscal arrangements	133,279,056		33,319,824	99,959,232
Total Nova Scotia	133,279,056		33,319,824	99,959,232
Prince Edward Island —				
Finance —				
Federal provincial fiscal arrangements	16,284,248		3,907,704	12,376,544
Winter capital projects fund	63,079			63,079
Total Prince Edward Island	16,347,327		3,907,704	12,439,623
New Brunswick —				
Finance —				
Federal provincial fiscal arrangements	83,328,704		20,832,216	62,496,488
Total New Brunswick	83,328,704		20,832,216	62,496,488
Quebec —				
Finance —				
Federal provincial fiscal arrangements	953,152,252		246,445,458	706,706,794
Total Quebec	953,152,252		246,445,458	706,706,794
Ontario —				
Finance —				
Federal provincial fiscal arrangements	150,365,000		15,036,504	135,328,496
Mutual fund capital gain refund overpayments	265,991,523		132,995,761	132,995,762
Total Ontario	416,356,523		148,032,265	268,324,258
Manitoba —				
Finance —				
Federal provincial fiscal arrangements	18,790,024		4,697,496	14,092,528
Mutual fund capital gain refund overpayments	18,191,044		9,095,522	9,095,522
Total Manitoba	36,981,068		13,793,018	23,188,050
Saskatchewan —				
Finance —				
Federal provincial fiscal arrangements	227,530,560		23,660,208	203,870,352
Total Saskatchewan	227,530,560		23,660,208	203,870,352

Table 9.14
Provincial and Territorial Governments — *Concluded*

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Alberta —				
Finance —				
Federal provincial fiscal arrangements	9,189,176		2,297,304	6,891,872
Total Alberta	9,189,176		2,297,304	6,891,872
British Columbia —				
Finance —				
Comprehensive Integrated Tax Coordination Agreement	1,279,200,000		319,800,000	959,400,000
Federal provincial fiscal arrangements	240,388,376	13,179,600	73,276,704	180,291,272
Total British Columbia	1,519,588,376	13,179,600	393,076,704	1,139,691,272
Subtotal	3,745,839,078	13,179,600	904,301,109	2,854,717,569
Less: portion expensed due to concessionary terms	216,893,485	89,908,838	1,310,642	128,295,289
Total	3,528,945,593	103,088,438	905,611,751	2,726,422,280

Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of transfer payments to provinces under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authorities. The overpayments are non interest bearing and are paid in subsequent years.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.375 percent per annum, and are repayable in annual or semi annual instalments over 15 to 50 years.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 percent to 9.5 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

Mutual fund capital gain refund overpayments

These amounts represent overpayments made to provinces under tax collection agreements for tax years 1997 to 1999 stemming from the misclassification of mutual fund trust capital gains refunds. Recoveries are non interest bearing and will take place over a 10 year period which started in 2004-2005.

Comprehensive Integrated Tax Coordination Agreement

Transitional assistance that had been paid to British Columbia as part as a Comprehensive Integrated Tax Coordination Agreement with Canada is being recovered in equal annual instalments with final payment due in March 2016. The government has not collected interest on these amounts.

Other Loans, Investments and Advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

Table 9.15

Other Loans, Investments and Advances

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Unconditionally repayable contributions —				
Agriculture and Agri Food	51,560,481	17,053,008	14,694,730	53,918,759
Atlantic Canada Opportunities Agency	330,20,522	48,748,049	43,785,840	335,682,731
Canadian International Development Agency	300,000,000	225,000,000		525,000,000
Economic Development Agency of Canada for the Regions of Quebec	383,382,811	64,883,194	53,340,857	394,925,148
Federal Economic Development Agency for Southern Ontario	119,459,118	61,043,789	14,052,225	166,450,682
Indian Affairs and Northern Development	7,500		7,500	
Industry	582,462,251	123,365,442	17,982,235	687,845,458
Western Economic Diversification	35,014,424	2,024,000	5,025,650	32,012,774
Subtotal	1,802,607,107	542,117,482	148,889,037	2,195,835,552
Less: portion expensed due to concessionary terms	236,077,435	25,743,373	59,342,377	269,676,439
Total — Unconditionally repayable contributions	1,566,529,672	567,860,855	208,231,414	1,926,159,113
Loans and accountable advances —				
Foreign Affairs and International Trade —				
Missions abroad	40,574,373	194,879,098	197,594,063	37,859,408
Personnel posted abroad	22,095,041	15,890,328	16,046,597	21,938,772
	62,669,414	210,769,426	213,640,660	59,798,180
National Defence —				
Imprest accounts, standing advances and authorized loans	34,180,187	138,171,047	137,570,233	34,781,001
Other departments —				
Miscellaneous accountable advances	15,712,277	1,524,678	604,977	16,631,978
Miscellaneous accountable imprest funds and standing advances	17,863,044	2,176,615		20,039,659
	33,575,320	3,701,293	604,977	36,671,636
Total — Loans and accountable advances	130,424,921	352,641,766	351,815,870	131,250,817
Other —				
Agriculture and Agri Food —				
Construction of multi purpose exhibition buildings	35,593			35,593
Hog Industry Loan Loss Reserve Program	243,800,487			243,800,487
National Marketing Programs	170,427,666	38,746,533		209,174,199
	414,263,746	38,746,533		453,010,279
Citizenship and Immigration —				
Immigration loans	41,808,874	11,272,994	12,252,977	40,828,891
Finance —				
Canadian Commercial Bank	42,202,293			42,202,293
Financial Consumer Agency of Canada —				
Advances		7,000,000	7,000,000	
	42,202,293	7,000,000	7,000,000	42,202,293
Fisheries and Oceans —				
Canadian producers of frozen groundfish	128,315			128,315
Haddock fishermen	1,343,337			1,343,337
	1,471,652			1,471,652
Foreign Affairs and International Trade —				
Support and development of trade (loans administered by Export Development Canada)	2,980,519,103	49,795,523	335,587,370	2,694,727,256
Human Resources and Skills Development —				
Canada Student Loans Program	14,837,998,813	3,053,383,983	2,111,214,052	15,780,168,744
Provincial workers' compensation boards	13,060,001			13,060,001
	14,851,058,814	3,053,383,983	2,111,214,052	15,793,228,745

Table 9.15

Other Loans, Investments and Advances — *Concluded*

	April 1/2012	Payments and other charges	Receipts and other credits	March 31/2013
	\$	\$	\$	\$
Indian Affairs and Northern Development —				
Council of Yukon First Nations — Elders	5,358,900		1,333,131	4,025,769
Farm Credit Canada Guarantee Loans Program	103,695			103,695
First Nations in British Columbia	443,051,885	23,484,920	1,612,850	464,923,955
Indian Economic Development Fund	43,149			43,149
Indian Economic Development Guarantee Loans Program	3,218,866	6,046	2,702,938	521,974
Inuit Loan Fund	71,457			71,457
Native Claimants	453,661,977	20,409,738	28,755,801	445,315,914
On Reserve Housing Guarantee Loans Program	11,315,654	1,539,525	641,150	12,214,029
Stoney Band Perpetual Loan	389,615			389,615
	917,215,198	45,440,229	33,045,870	927,609,557
Industry —				
Company stock option				
Manufacturing, processing and service industries in Canada	110,000,000			110,000,000
Other Business loans	77,257,315	52,081,639	71,566,124	57,772,830
National Research Council of Canada —				
H.L. Holmes Fund	4,723,792	88,635		4,812,427
	191,981,107	52,170,274	71,566,124	172,585,257
Natural Resources —				
Nordion International Inc.	54,000,000		4,000,000	50,000,000
Public Safety and Emergency Preparedness —				
Correctional Service of Canada —				
Parolees	4,256	1,186	1,041	4,401
Public Works and Government Services —				
Seized Property Working Capital Account	(1,281,548)	43,968,405	43,382,154	(695,297)
Transport —				
Greater Victoria Harbour Authority	2,279,429		42,700	2,236,709
St. Lawrence Seaway Management Corporation	77,474		69,802	7,672
	2,356,903		112,522	2,244,381
Treasury Board —				
Federal Public Service Health Care Administration Authority ...		2,500,118	2,236,889	263,229
Joint Learning Program	541,243	1,958,171	1,478,356	1,021,058
	541,243	4,458,289	3,715,245	1,284,287
Veterans Affairs —				
Commonwealth War Graves Commission	47,862		1,548	46,314
Veterans' Land Act Fund —				
Advances	5,523	208		5,731
	53,385	208	1,548	52,045
Other departments —				
Miscellaneous	526,875	171,721	310,872	387,724
Subtotal — Other	19,496,721,901	3,306,409,345	2,624,189,775	20,178,941,471
Less: portion expensed due to concessionary terms and other discounts	170,005,528	21,748,470		148,257,058
	19,326,716,373	3,328,157,815	2,624,189,775	20,030,684,413
Add: consolidation adjustment ⁽¹⁾	3,167,764,526	189,079,474		3,356,844,000
Total — Other	22,494,480,899	3,517,237,289	2,624,189,775	23,387,528,413
Total	24,191,435,492	4,437,739,910	3,184,237,059	25,444,938,343

⁽¹⁾ Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

Unconditionally repayable contributions

Unconditionally repayable contributions are, in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments due within up to 10 years of initial disbursement.

Loans made on a long term, low interest or interest free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

Missions abroad

Non interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally engaged staff.

The total amount authorized to be outstanding at any time is \$38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009-2010*.

The closing balance consists of loans to employees, \$17,443,862; advances for medical expenses, \$955,893; advances for workmen's compensation, \$88,402; security and other deposits under Foreign Service Directives, \$1,170,840 and, school and club debentures, \$2,279,775.

The loans to employees bear interest at rates from 0.75 percent to 5.0 percent per annum, and are repayable within 4 years, with final instalments between April 1, 2013 and March 1, 2017.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$120,000,000, as last amended by National Defence Vote L11b, *Appropriation Act No. 4, 2001-2002*.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest funds and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi purpose exhibition building.

Hog Industry Loan Loss Reserve Program

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

National Marketing Programs

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is \$110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, bearing interest at rates from 1.260 percent to 10.718 percent per annum, with final instalments between April 1, 2013 and April 1, 2019, \$40,758,118; and,
- (b) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, non interest bearing, with final instalments past due, \$70,774.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Financial Consumer Agency of Canada — Advances

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

During the year, the advances were repaid in full.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Support and development of trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

The *Budget Implementation Act, 2009*, amended the *Export Development Act* to expand the mandate of the Corporation for a two-year period to include the support and development of domestic trade, in addition to its traditional mandate related to export trade. EDC's domestic powers were extended until March 12, 2014. During the year, no transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

	Payments and other charges		Receipts and other credits		March 31/2013
	April 1/2012	Payments or other charges ⁽¹⁾	Revaluation	Receipts or other credits ⁽²⁾	Revaluation
	\$	\$	\$	\$	\$
Export Trade					
(a) 6 to 10 year term, 8.28 percent to 10.28 percent interest per annum, with final repayments between February 2008 and April 2011:					
Antigua	29,911		539		30,480
(b) 11 to 15 year term, interest based on London Interbank Offered Rate (LIBOR), plus a range of rates from 6.5 percent to 11.0 percent per annum, with final repayments between January 2021 and January 2023:					
Cyprus	74,859,869		1,360,723		76,220,592
Norway	195,939,050			195,939,050	
	270,798,919		1,360,723	195,939,050	76,220,592
(c) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44 percent to 4.18 percent per annum, with final repayments between May 2021 and November 2022:					
Sweden	123,940,124		2,026,461	10,953,590	115,012,995
(d) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85 percent to 5.89 percent per annum, with final repayments between December 2017 and March 2023:					
United States	1,211,387,260		19,919,965	127,443,092	1,103,864,133
(e) 16 to 20 year term, 0 percent interest per annum, with final repayments between June 2012 and November 2014:					
Singapore	244,522		4,717	249,239	
Spain	13,446,892			618,376	300,821
	13,691,414		4,717	867,615	300,821
					12,527,695
(f) Term loan, interest based on the higher of 2.0 percent or LIBOR, plus a range of rates from 3.0 percent to 8.0 percent interest per annum, with final repayments between June 2009 and July 2010:					
United States	1,363,776,727		24,800,995	83,202	1,388,494,520
Insurance claims paid during the year:					
United States	252,762		3,094		255,856
Subtotal	2,983,877,147		48,116,494	335,286,549	300,821
Less: portion expensed due to concessionary terms	3,358,044	1,679,029			2,696,406,271
					1,679,015
Total — Export Trade	2,980,519,103	1,679,029	48,116,494	335,286,549	300,821
					2,694,727,256

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Canada Student Loans Program

The total amount of outstanding risk shared loans that have been bought back by the Department and direct loans issued under the authority of the *Canada Student Financial Assistance Act* may not exceed nineteen billion dollars, except as otherwise provided by an Appropriation Act or other Act of Parliament.

The total amount of outstanding risk-shared and direct loans as at March 31, 2013 amounts to \$15,548,963,214 (\$14,583,549,616 as at March 31, 2012).

Direct loans to students

Loans issued on or after August 1, 2000 are administered under the authority of section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Human Resources and Skills Development to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Human Resources and Skills Development with the concurrence of the Minister of Finance.

The total amount of outstanding direct loans as at March 31, 2013 amounts to \$15,415,683,143 (\$14,435,005,205 as at March 31, 2012).

During the year, loans totalling \$226,286,858, including interest receivable on these loans, were written off by Human Resources and Skills Development Vote 7c, from the *Appropriation Act No. 5, 2012-2013*.

Risk-shared student loans

Loans issued prior to August 1, 2000 and on or after August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2013 amounts to \$133,280,071 (\$148,544,411 as at March 31, 2012) for loans owned by Human Resources and Skills Development and \$1,329,889,012 (\$1,506,919,768 as at March 31, 2012).

Guaranteed student loans

Loans issued prior to August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2013 amounts to \$231,205,531 (\$254,449,197 as at March 31, 2012) for loans owned by Human Resources and Skills Development and \$16,963,195 (\$24,555,796 as at March 31, 2012) for loans under the current ownership of the financial institutions.

Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non interest bearing and are to be repaid on termination of agreements with provincial boards.

Council of Yukon First Nations — Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement in principle for the settlement of a claim is reached are non interest bearing;
- (b) loans made after the date on which an agreement in principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the agreement, which shall be not later than March 31, 2013, whichever date is earlier.

All the loans outstanding at year end bear interest at rates from 2.28 percent to 6.00 percent per annum.

Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada guarantee loans program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2013, the outstanding amount represents the remaining defaulted loans reimbursed to the lenders by the Minister. These loans are deemed unrecoverable and the balance will be written off in future years.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Act No. 1, 2012-2013*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement in principle for the settlement of a treaty is reached are non-interest bearing;
- (b) loans made before April 1, 2004 and after the date on which an agreement in principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;
- (c) loans made between April 1, 2004 and March 31, 2013 and after the date on which an agreement in principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and,
- (d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:
 - i. date on which the treaty is settled;
 - ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;
 - iii. seventh anniversary after the signing of an agreement in principle; or,
 - iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest bearing and non-interest bearing portions of the loans outstanding at year end are \$19,875,049 and \$445,048,906 respectively. Rates are from 1.228 percent to 4.545 percent per annum for the interest bearing portion.

Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is \$48,550,835, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996-97*.

All outstanding loans bear interest at rates from 7 percent to 11.25 percent per annum.

Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53(b), *Appropriation Act No. 1, 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk sharing basis with commercial lenders. The guarantee level is not to exceed at any time \$60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is \$6,633,697, as last amended by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The remaining loan bears interest at a rate of 5.50 percent per annum.

Native Claimants

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 1, 2012-2013*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement in principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an agreement in principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are \$70,711,809 and \$374,604,105 respectively. Rates are from 2.82 percent to 11.89 percent per annum for the interest bearing portion.

On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or Crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is \$2.2 billion, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 2008-2009*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of \$2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as land claim funds, or through repayment agreements.

Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta for land acquisition beyond their treaty entitlement.

A loan not exceeding \$500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3 percent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots \$200,000 to the Pekisko Group, and \$300,000 for the additions to Morley Reserve.

Company stock option

Pursuant to section 14 of the *Department of Industry Act*, and authorized by Industry Vote L15, *Appropriation Act No. 2*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

- (a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,
 - i. it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in right of Canada to benefit from the purchase; or,
 - ii. it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and,
- (b) to authorize the sale or other disposition of any capital stock acquired.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans are authorized by Industry Vote L20, *Appropriation Act No. 2*. During the year, no loans were issued.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Other Business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act* (SBLA), the *Canada Small Business Financing Act* (CSBFA), the capital leasing pilot project and the *Department of Industry Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

H.L. Holmes Fund

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Nordion International Inc.

A \$100 million loan has been made to Nordion International Inc. for the construction of two nuclear reactors and related processing facilities to be used in the production of medical isotopes pursuant to an agreement reached on June 28, 1996 between MDS Health Group Ltd., Nordion International Inc. and Natural Resources Canada.

The secured loan is interest free and fully repayable over 15 years commencing 42 months after the first loan drawdown was made.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter.

Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is \$50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Greater Victoria Harbour Authority

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of \$753,745 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9 percent per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The loan bore interest at a rate of 7 percent per annum. The final instalment of the existing terms was anticipated for March 2013.

During the year, the remaining parcels of land relating to the outstanding loan were sold. As of March 31, 2013, the remaining amount of this loan is deemed unrecoverable and parliamentary authority is required to write off the balance.

Federal Public Service Health Care Administration Authority

The Federal Public Service Health Care Plan Administration Authority (referred to as the Administration Authority) was incorporated, without share capital, under subsection 7.2(1) of the *Financial Administration Act* effective May 1, 2007. Effective May 31, 2007, the assets and liabilities of the Public Service Health Care Plan (PSHCP) were transferred to the Government of Canada and to the Administration Authority as directed by the President of the Treasury Board of Canada and consistent with the Trust Agreement, which terminated May 31, 2007.

The Administration Authority is charged with the administration of the PSHCP. Its objective is to ensure that benefits and services to Plan members and their covered dependents, as defined in the PSHCP documentation, are delivered in a manner that ensures the effective and efficient administration of the PSHCP. Payments are made to the Administration Authority under Vote 20 and are authorized under the terms of reference of the funding agreement between the President of the Treasury Board and the Administration Authority. The funding agreement allows for the transfer of funds from the Treasury Board of Canada Secretariat to the Administration Authority in four quarterly instalments upon approval of the operating budget by the Secretary of the Treasury Board of Canada. These quarterly instalments are made in advance and actual expenses are recorded upon approval of the Administration Authority's Quarterly Financial Report.

Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining round of October 2004, 2008 and subsequently of 2010, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS). The objective of the JLP is to improve labour relations in the public service. It is intended to provide joint union management learning opportunities in areas where both parties have roles and responsibilities, and for which the Employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expenditure is recorded.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Other departments — Miscellaneous

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

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Section 10

2012-2013

Public Accounts of Canada

Non-Financial Assets

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Assets under capital leases	10.6

Non-Financial Assets

Non financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service.

Table 10.1 presents the non financial assets by category.

Table 10.1
Non-Financial Assets by category
(in thousands of dollars)

	March 31/2013	March 31/2012
Net tangible capital assets, Table 10.2		
Land	1,565,938	1,567,557
Buildings	11,363,434	10,160,053
Works and infrastructure	5,731,752	5,487,649
Machinery and equipment	9,795,900	10,186,219
Vehicles, Table 10.3	13,361,589	13,861,990
Leasehold improvements	1,075,293	1,084,280
Assets under construction	14,653,666	13,909,953
Assets under capital leases, Table 10.4	2,693,518	2,789,451
	60,241,090	59,047,152
Inventories	7,453,445	6,995,342
Prepaid expenses	1,227,895	1,915,851
Total	68,922,430	67,958,345

Chart 10A
Non-Financial Assets by category at March 31, 2013

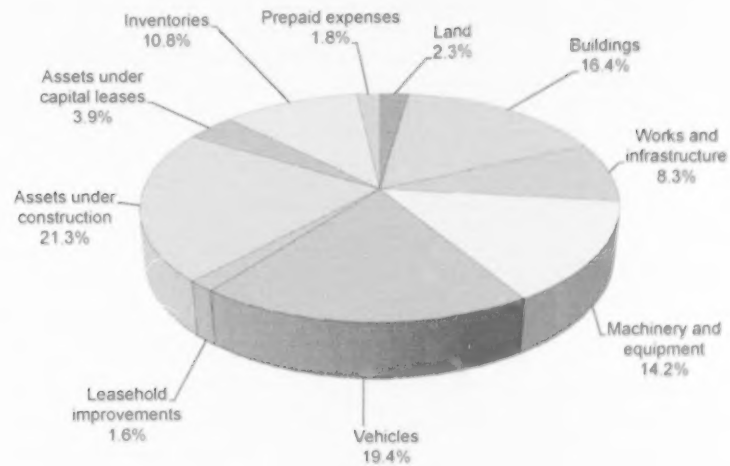
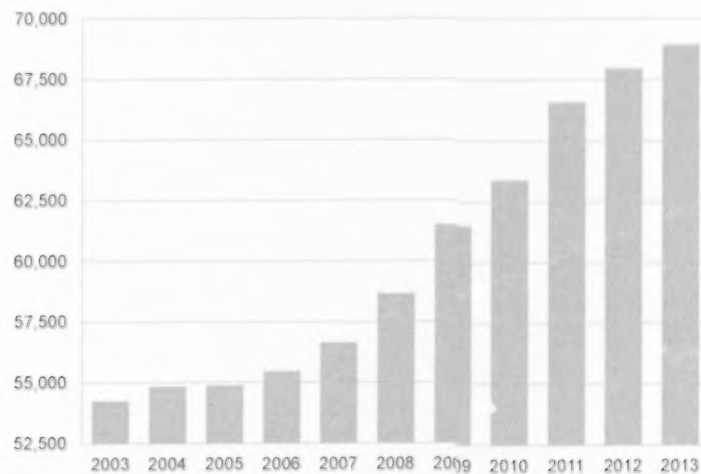


Chart 10B
Non-Financial Assets at March 31, 2013
(in millions of dollars)



Tangible Capital Assets

Table 10.2 presents tangible capital assets by main custodian ministries.

Table 10.2

Tangible Capital Assets by Main Custodian Ministries

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
Capital assets at cost				
Environment	201,026	996,513	2,908,781	874,584
Fisheries and Oceans	24,028	701,908	2,342,626	425,518
Foreign Affairs and International Trade	234,067	1,249,678	3,507	148,249
Industry	11,405	897,155	38,085	2,915,779
National Defence	84,204	8,000,813	2,252,209	20,907,058
Public Safety and Emergency Preparedness	75,990	3,402,428	666,948	1,590,407
Public Works and Government Services	256,134	4,805,539	1,032,664	1,397,969
Transport	262,580	975,563	2,737,260	241,675
Other ministries	30,734	1,561,461	82,666	3,146,749
<i>Consolidated Crown corporations and other entities</i>	<i>1,180,168</i>	<i>22,591,058</i>	<i>12,064,746</i>	<i>31,647,988</i>
	385,770	2,250,190	1,378,872	3,033,919
Gross total capital assets	1,565,938	24,841,248	13,443,618	34,681,907
Accumulated amortization				
Environment		681,869	1,755,733	603,001
Fisheries and Oceans		430,817	1,190,424	298,146
Foreign Affairs and International Trade		782,046	325	107,988
Industry		558,641	23,201	2,204,163
National Defence		3,554,279	1,281,485	15,098,701
Public Safety and Emergency Preparedness		1,612,865	385,155	1,110,399
Public Works and Government Services		3,119,796	448,077	978,585
Transport		682,481	1,899,479	177,890
Other ministries		1,033,678	37,110	2,060,750
<i>Consolidated Crown corporations and other entities</i>	<i>12,456,472</i>	<i>7,020,989</i>	<i>22,639,623</i>	<i>2,246,384</i>
	1,021,342		690,877	
Total accumulated amortization		13,477,814	7,711,866	24,886,007
Total net capital assets				
Environment	201,026	314,644	1,153,048	271,583
Fisheries and Oceans	24,028	271,091	1,152,202	127,372
Foreign Affairs and International Trade	234,067	467,632	3,182	40,261
Industry	11,405	338,514	14,884	711,616
National Defence	84,204	4,446,534	970,724	5,808,357
Public Safety and Emergency Preparedness	75,990	1,789,563	281,793	480,008
Public Works and Government Services	256,134	1,685,743	584,587	419,384
Transport	262,580	293,082	337,781	63,785
Other ministries	30,734	527,783	45,556	1,085,999
<i>Consolidated Crown corporations and other entities</i>	<i>1,180,168</i>	<i>10,134,586</i>	<i>5,043,757</i>	<i>9,008,365</i>
	385,770	1,728,848	687,995	787,535
Total net capital assets	1,565,938	11,363,434	5,731,752	9,795,900

(1) Details can be found in Table 10.3.

(2) Details can be found in Table 10.4.

Vehicles ⁽¹⁾	Leasehold improvements	Assets under construction	Assets under capital leases ⁽²⁾	Total March 31/2013	Total March 31/2012
143,721	38,361	200,075	39,370	5,402,431	5,288,112
1,870,222	496,618	358,963		6,219,883	6,149,340
142,182	244,984	522,384		2,545,051	2,317,429
28,759	64,530	565,644	64,551	4,585,908	4,437,662
30,019,200	41,537	9,380,458	870,182	71,555,661	68,848,727
689,046	148,350	1,096,913	16,265	7,686,347	6,835,968
10,663	833,192	1,393,001	2,521,442	12,250,604	11,506,369
722,187	33,607	53,661	818,883	5,845,416	5,906,402
159,736	508,853	345,873	96,249	5,932,321	5,705,454
33,735,716	2,410,032	13,916,972	4,426,942	122,023,622	116,995,463
1,024,736	279,135	736,694	164,990	9,254,306	9,118,514
34,810,452	2,689,167	14,653,666	4,591,932	131,277,928	126,113,977
100,279	28,809		12,938	3,182,629	3,102,228
1,350,045	314,726			3,584,158	3,545,734
102,460	148,581			1,141,400	1,058,808
22,601	33,813		21,202	2,863,621	2,723,426
18,310,435	19,644		518,028	38,782,572	36,403,359
377,516	64,770		2,201	3,552,906	3,120,793
6,774	477,871		1,097,832	6,128,935	5,702,423
566,410	16,686		129,700	3,472,646	3,401,903
107,561	358,269		11,424	3,608,792	3,408,198
20,944,081	1,463,169		1,793,325	66,317,659	62,466,872
504,782	150,705		105,089	4,719,179	4,599,953
21,448,863	1,613,874		1,898,414	71,036,838	67,066,825
43,442	9,552	200,075	26,432	2,219,802	2,185,884
520,177	181,892	358,963		2,635,725	2,603,606
39,722	96,403	522,384		1,403,651	1,258,621
6,158	30,717	565,644	43,349	1,722,287	1,714,236
11,708,765	21,893	9,380,458	352,154	32,773,089	32,445,368
311,530	83,580	1,096,913	14,064	4,133,441	3,715,175
3,889	355,321	1,393,001	1,423,610	6,121,669	5,803,946
155,777	16,921	53,661	689,183	2,372,770	2,504,499
52,175	150,584	345,873	84,825	2,323,529	2,297,256
12,841,635	946,863	13,916,972	2,633,617	55,705,963	54,528,597
519,954	128,430	736,694	59,901	4,535,127	4,518,561
13,361,589	1,075,293	14,653,666	2,693,518	50,241,090	59,047,152

Vehicles

Table 10.3 presents the details of vehicles by sub-category.

Table 10.3

Vehicles by sub-category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2013	March 31/2012
Ships and boats	13,868,263	8,961,934	4,906,329	5,385,885
Aircraft	15,588,713	9,067,799	6,520,914	6,541,757
Motor vehicles (Non Military)	2,120,866	1,408,884	711,982	714,044
Military vehicles	1,834,027	1,234,884	599,143	600,437
Other vehicles	1,398,583	775,362	623,221	619,867
Total	34,810,452	21,448,863	13,361,589	13,861,990

Assets under Capital Leases

Table 10.4 presents the details of assets under capital leases by main category.

Table 10.4

Assets under Capital Leases by main category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2013	March 31/2012
Land	31,242		31,242	31,242
Buildings	2,793,237	1,192,483	1,600,754	1,663,863
Works and infrastructure	818,820	129,647	689,173	697,362
Machinery and equipment	208,012	116,510	91,502	80,903
Vehicles	740,621	459,774	280,847	316,081
Total	4,591,932	1,898,414	2,693,518	2,789,451

Section 11

2012-2013

Public Accounts of Canada

Contractual Obligations and Contingent Liabilities

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Contractual Obligations and Contingent Liabilities

This section contains detailed information related to contractual obligations and contingent liabilities.

Contractual Obligations

Government activities, by their nature, result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of \$10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of \$1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

Table 11.1
Contractual Obligations
(in millions of dollars)

	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3	33,165	31,623	2,910		67,698
International contractual obligations, Table 11.4				4,342	4,342
Total	33,165	31,623	2,910	4,342	72,040

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy contractual obligations each year from 2014 to 2018 inclusively, and a total for amounts due in the year 2019 and subsequently.

Table 11.2
Schedule of Minimum Payments
(in millions of dollars)

	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
Minimum payments to be made in:					
2014	17,443	9,227	357	1,756	28,783
2015	6,533	4,785	344	730	12,392
2016	4,617	3,331	321	331	8,600
2017	2,308	1,999	278	152	4,737
2018	1,491	1,240	234	74	3,039
2019 and subsequently	773	11,041	1,376	1,299	14,489
Total	33,165	31,623	2,910	4,342	72,040

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, capital assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
Transfer payment agreements —										
Agriculture and Agri-Food —										
Agricultural Flexibility Fund										
Aggregate	105	105	76	29	29					
Canadian Agricultural Adaptation Program										
Aggregate	141	141	114	27	27					
Canadian Wheat Board Transition Costs										
Contribution agreement	63	63	1	62	1	2	2	2	2	53
Grant funding agreement	272	272	169	103	52	29	22			
Growing Forward 2 Contribution Agreement										
Government of British Columbia	69	69		69	14	14	14	14	13	
Government of Ontario	273	273		273	55	54	55	54	55	
	923	923	360	563	178	99	93	70	70	53
Canadian Heritage —										
Canada Arts Presentation Fund										
Aggregate	46	46	20	26	21	5				
Canada Arts Training Fund										
Aggregate	33	33	11	22	17	5				
Canada Cultural Spaces Fund										
Aggregate	24	24	10	14	13	1				
Canada Music Fund										
Aggregate	39	39	25	14	7	7				
The Foundation Assisting Canadian Talent on Recordings	31	31	19	12	6	6				
Development of Official Languages Communities Program										
Aggregate	66	66	26	40	26	8	3	2	1	
Exchanges Canada Program										
Aggregate	46	46	28	18	12	5	1			
Hosting Program										
Aggregate	35	35	13	22	15	7				
Canada Soccer Association	14	14		14	3	5	6			
Toronto Organizing Committee for the 2015 Pan American and Parapan American Games	368	368	14	354	122	194	38			
Sport Support Program										
Aggregate	19	19	7	12	7	5				
	721	721	173	548	249	248	48	2	1	
Citizenship and Immigration —										
Agreements with regards to the refugee Resettlement Assistance Program										
Aggregate	38	38	5	33	14	10	9			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Agreements with regards to Settlement and Integration services for newcomers</i>										
Aggregate	997	997	34	963	382	295	286			
Bow Valley College	16	16		16	5	6	5			
Catholic Community College of York Region	14	14		14	5	4	5			
Catholic Crosscultural Services	10	10		10	3	4	3			
Colleges Ontario	13	13		13	4	5	4			
COSTI Immigrant Services	15	15		15	5	5	5			
Newcomer Centre of Peel	24	24		24	8	8	8			
Norquest College	12	12		12	4	4	4			
North York Community House	11	11		11	4	3	4			
Polycultural Immigrant & Community Services	10	10		10	3	4	3			
St Joseph's Immigrant Women's Centre	10	10		10	3	3	4			
Toronto Catholic District School Board	10	10		10	3	4	3			
Toronto District School Board	17	17		17	17					
Woodgreen Community Services	11	11		11	4	3	4			
<i>Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada</i>										
Canada-Quebec Agreement	1,707	1,707	284	1,423	285	284	285	284	285	
<i>Provincial agreements with regards to immigrant settlement services</i>										
Canada-British Columbia Agreement	221	221	117	104	104					
	3,136	3,136	440	2,696	853	642	632	284	285	
<i>Economic Development Agency of Canada for the Regions of Quebec — Community Futures Program</i>										
15 Community business development corporations	602	602	517	85	29	28	28			
<i>Economic Development of Quebec Program</i>										
Institut national d'optique	45	45	18	27	9	9	9			
Montreal International	58	58	38	20	4	2	2	2	2	8
Small and medium-sized enterprises (SME), SME group and association and non-profit organizations	1,384	1,384	1,240	144	104	34	5	1		
Société du Parc Jean Drapeau	23	23	13	10	5	5				
	2,112	2,112	1,826	286	151	78	44	3	2	8
<i>Environment — Sustainable Development Technology Canada</i>										
The NextGen Biofuels Fund	94	94		94	50	38	3	3		
<i>Finance — Harbourfront Centre Funding Program</i>										
	24	24	11	13	5	5	3			
<i>Foreign Affairs and International Trade Canadian International Development Agency — Canadian engagement for development</i>										
Aggregate	355	355	264	91	59	20	8	4		
Aga Khan Foundation Canada	75	75	3	72	24	19	19	10		
Association of Universities and Colleges of Canada	70	70	54	16	9	1	6			
Canada World Youth	47	47	37	10	10					
Canadian Organizations	432	432	207	225	86	63	43	22	11	
International Development Research Centre	50	50	30	20	14	6				
Plan International Canada	35	35	19	16	7	6	3			

11.4 Contractual Obligations and Contingent Liabilities

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Fragile countries and crisis affected communities</i>										
Aggregate	185	185	146	39	21	11	6	1		
Aga Khan Foundation Canada	56	56	22	34	19	15				
Canadian Organizations	97	97	52	45	26	18	1			
Consortium DID-FADQDI	19	19	4	15	3	4	4	4		
<i>Global engagement and strategic policy</i>										
Aggregate	36	36	23	13	8	2	2	1		
Canadian Foodgrains Bank	125	125	50	75	25	25	25			
Canadian Organizations	14	14	4	10	8	2				
Micronutrient Initiative	75	75	45	30	15	15				
<i>Low income countries</i>										
Aggregate	245	245	184	61	35	16	3	7		
Aga Khan Foundation Canada	52	52	24	28	10	10	5	3		
Canadian Bar Association	14	14		14	2	2	2	3		
Canadian Organizations	215	215	139	76	37	19	10	9	1	
Centre de coopération internationale en santé et développement Consortium CCISD-CHUM	12	12	2	10	2	2	3	3		
CHF Canadian Hunger Foundation	18	18	2	16	4	3	3	3	3	
Consortium CECI - Centre for International Studies and International Cooperation and Experco International	13	13	3	10	3	2	2	2	1	
Cowater International / CRC Sogema Inc.	19	10		10	1	2	2	3	2	
Cowater International Inc.	40	40	20	20	8	6	3	3		
CRC Sogema Inc.	46	46	2	44	4	13	12	13	2	
Mennonite Economic Development Associates of Canada	18	18	2	16	4	3	3	3	3	
<i>Middle income countries</i>										
Aggregate	161	161	129	32	14	11	6	1		
AgriTeam Canada	98	98	61	37	14	7	8	3	5	
Association of Canadian Community Colleges	38	38	7	31	8	10	9	4		
Canada School of Public Service	20	20	3	17	4	4	4	5		
Canadian Cooperation Society for International Development	29	29	5	24	4	5	5	4	6	
Canadian Organizations	223	223	161	62	34	15	8	5		
CHF Canadian Hunger Foundation	19	19	3	16	4	4	4	4		
Conference Board of Canada	17	17	5	12	4	4	3	1		
Consortium for International Development in Education	11	11	1	10	2	1	1	1	5	
Consortium Save the Children & Norwegian Refugee Council	18	18	1	17	2	4	5	3	3	
Consortium SOCODEVI / CECI	23	23	8	15	5	4	3	3		
Cowater International Inc.	40	40	18	22	9	8	4	1		
Federation of Canadian Municipalities	33	33	12	21	6	7	4	1	3	
Plan International Canada	26	26	12	14	4	6	2	2		
	3,110	3,110	1,764	1,346	558	375	231	132	50	
<i>Health —</i>										
<i>Department —</i>										
Brain Canada Foundation	100	100	20	80	20	20	20	20		
Canada Centre on Substance Abuse	11	11		11	4	3	4			
Canadian Institute for Health Information	239	239	82	157	79	78				
Canadian Partnership Against Cancer Corporation	241	241	50	191	49	47	48	47		
<i>First Nations and Inuit</i>										
Health Infrastructure Support	892	892	443	449	149	99	58	48	29	66
Primary Health Care	2,247	2,247	1,126	1,121	436	301	133	105	43	103
Supplementary Health Benefits	305	305	177	128	90	37	1			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
Health Council of Canada	33	33	18	15	8	7				
Health System Priorities	60	60	30	30	30					
Mental Health Commission of Canada	122	122	65	57	15	14	14	14		
<i>Public Health Agency of Canada —</i>										
<i>Aboriginal Head Start in</i>										
<i>Urban and Northern</i>										
<i>Communities</i>										
Aggregate	127	127	97	30	30					
<i>Canada Prenatal Nutrition Program</i>										
Aggregate	106	106	80	26	26					
<i>Community Action Program for</i>										
<i>Children</i>										
Aggregate	221	221	167	54	54					
<i>Federal Initiative to Address HIV / AIDS</i>										
<i>in Canada</i>										
Aggregate	86	86	65	21	21					
<i>Hepatitis C</i>										
Aggregate	102	102	85	17		17				
Government of British Columbia	66	66	55	11		11				
Government of Ontario	133	133	111	22		22				
<i>Innovation Strategy</i>										
Aggregate	53	53	31	22	9	7	3	3		
<i>National Collaborating Centres for</i>										
<i>Public Health</i>										
Aggregate	42	42	27	15	9	6				
	5,186	5,186	2,729	2,457	1,029	669	281	237	72	169
<i>Human Resources and Skills</i>										
<i>Development —</i>										
<i>Aboriginal Skills and Employment</i>										
<i>Training Strategy</i>										
Aggregate	517	517	303	214	101	113				
<i>Aboriginal Labour Force</i>										
<i>Development Circle</i>	42	42	23	19	10	9				
<i>Centre for Aboriginal Resource</i>										
<i>Development</i>	24	24	14	10	5	5				
<i>Community Futures Treaty Seven</i>	43	43	24	19	9	10				
<i>First Nations Employment Society</i>	24	24	13	11	5	6				
<i>First Nations of Quebec and Labrador</i>										
<i>Health and Social Services</i>										
<i>Commissions</i>	97	97	54	43	21	22				
<i>First Peoples Development Inc.</i>	86	86	48	38	19	19				
<i>Gabriel Dumont Training and</i>										
<i>Employment Inc.</i>	48	48	27	21	10	11				
<i>Grand River Employment and Training</i>	23	23	13	10	5	5				
<i>Kativak Association</i>	27	27	15	12	6	6				
<i>Manitoba Keewatinowi Okimakanak Inc.</i>	76	76	42	34	17	17				
<i>Manitoba Métis Federation Inc.</i>	56	56	31	25	12	13				
<i>Métis Nation of Ontario</i>	32	32	18	14	7	7				
<i>Métis Provincial Council of British Columbia</i>	30	30	17	13	6	7				
<i>Mi'kmaq Employment & Training</i>										
<i>Secretariat</i>	25	25	14	11	6	5				
<i>Ontario Federation of Indian</i>										
<i>Friendship Centres</i>	27	27	14	13	6	7				
<i>Rupert's Land Institute</i>	63	63	36	27	14	13				
<i>Saskatchewan Indian Training</i>										
<i>Assessment Group Inc.</i>	148	148	83	65	33	32				
<i>Sioux Lookout Area Aboriginal</i>										
<i>Management Board</i>	24	24	14	10	5	5				
<i>Six Independent Alberta First Nation</i>										
<i>Society of Hobbema</i>	25	25	14	11	5	6				
<i>Tribal Resources Investment Co.</i>	21	21	7	14	7	7				
<i>Union of Ontario Indians</i>	25	25	14	11	5	6				
<i>Homelessness Partnering</i>										
<i>Strategy</i>										
Aggregate	205	205	117	88	88					
City of Toronto	52	52	24	28	28					

11.6 Contractual Obligations and Contingent Liabilities

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

					Outstanding obligations to be disbursed by March 31 2019 and subsequently					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2014	2015	2016	2017	2018	
Labour Market Agreements										
Aggregate	67	67	56	11	11					
Government of Alberta	329	329	273	56	56					
Government of British Columbia	397	397	331	66	66					
Government of Manitoba	109	109	91	18	18					
Government of New Brunswick	66	66	55	11	11					
Government of Nova Scotia	83	83	69	14	14					
Government of Ontario	159	1,159	965	194	194					
Government of Quebec	695	695	580	115	115					
Government of Saskatchewan	92	92	77	15	15					
Labour Market Agreements for persons with disabilities										
Aggregate	292	292	263	29	29					
Government of Alberta	252	252	227	25	25					
Government of British Columbia	307	307	276	31	31					
Government of Ontario	759	759	683	76	76					
Government of Quebec	459	459	413	46	46					
Government of Saskatchewan	109	109	98	11	11					
Labour Market Development Agreements										
Aggregate	24	24	12	12	12					
Government of Alberta	237	237	118	119	119					
Government of British Columbia	602	602	301	301	301					
Government of Manitoba	100	100	50	50	50					
Government of New Brunswick	198	198	99	99	99					
Government of Newfoundland and Labrador ..	277	277	139	138	138					
Government of Nova Scotia	179	179	90	89	89					
Government of Ontario	1,239	1,239	617	622	622					
Government of Prince Edward Island	58	58	29	29	29					
Government of Quebec	1,283	1,283	643	640	640					
Government of Saskatchewan	85	85	43	42	42					
Opportunities Fund for Persons with Disabilities										
Aggregate	41	41	23	18	15	2	1			
Sectoral Initiatives Program										
Aggregate	37	37	23	14	11	2	1			
Skills and Partnership Funds										
Aggregate	152	152	65	87	53	34				
Targeted Initiative for Older Workers										
Aggregate	138	138	118	20	20					
Government of Ontario	53	53	43	10	10					
Youth Employment Strategy										
Aggregate	123	123	54	69	67	2				
	11,741	11,741	7,903	3,838	3,465	371	2			
Indian Affairs and Northern Development — Aboriginal Recipient Funding (First Nation and Tribal Councils)										
Ahousaht Indian Band	45	45	25	20	7	7	6			
Ahtahkakoop Band	55	55	25	30	10	10	10			
Albany Band	33	33	18	15	7	7				
Alexis Nakota Sioux Nation	44	44	21	23	8	8	7			
Atikamekw de Manawan	69	69		69	14	14	14	14	13	
Atikamekw Sipi - Conseil de la Nation	41	41	21	20	7	7	6			
Attawapiskat First Nation	12	12		12	12					
Bande des Innus de Pessamit	99	99		99	24	19	19	19	18	
Battlefords Agency Tribal Chiefs Inc.	28	28	18	10	10					
Berens River Band	13	13		13	13					
Bigstone Cree Nation	41	41	22	19	19					
Blood Band	361	361	159	202	73	64	65			
Bunibonibee Cree Nation	52	52		52	17	18	17			
Canim Lake Indian Band	14	14		14	3	3	3	3	2	
Chemawawin Cree Nation	31	31	11	20	10	10				
Chippewas of Kettle & Stony Point	28	28	14	14	4	5	5			
Chippewas of Rama First Nation	21	21	9	12	4	4	4			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently				
					2014	2015	2016	2017	2018
Clearwater River Dene Band	40	40		40	8	8	8	8	8
Conseil des Atikamekw de Wemotaci	41	41		41	9	8	8	8	8
Conseil des Atikamekw d'Opitciwan	68	68	48	20	20				
Conseil des Montagnais du Lac St Jean	123	123	58	65	26	19	20		
Cowessess Band	46	46	25	21	7	7	7		
Cowichan Band	56	56	43	13	13				
Cross Lake First Nation	101	101	68	33	33				
Dene Tha' Band	53	53	36	17	17				
Dokis First Nation	12	12		12	3	2	2	2	3
Driftpile First Nation	38	38		38	8	8	7	8	7
Eel River Bar First Nation	28	28	18	10	4	3	3		
Elsipogtog First Nation	47	47	25	22	22				
Esgenooetitij First Nation	11	11		11	11				
Eskasoni Band Council	80	80		80	16	16	16	16	16
Fisher River Band	78	78	35	43	15	14	14		
Flying Dust First Nation	10	10		10	5	5			
Fort Alexander Band	18	18		18	18				
Garden Hill First Nation	23	23		23	23				
Gitksan Local Services Society	79	79	42	37	19	18			
God's Lake First Nation	29	29		29	10	9	10		
Haisla Nation	48	48		48	5	5	5	5	4
Heiltsuk Indian Band	64	64	30	34	12	11	11		
Innu Takuaitkan Uashat Mak Mani Utenam	144	144	71	73	30	21	22		
Kafikewistahaw Band	33	33	15	18	6	6	6		
Kashechewan First Nation	10	10		10	10				
Kee Tas Kee Now Tribal Council	116	116	53	63	21	21	21		
Keewatin Tribal Council Inc.	38	38	21	17	6	6	5		
Kitigan Zibi Anishinabeg	61	61	29	32	12	10	10		
La Nation Anishinabe du Lac Simon	47	47		47	10	9	9	10	9
La Première nation Odanak	23	23	9	14	5	4	5		
Lac La Ronge Band	229	229	93	136	46	45	45		
Listuguj Mi'Gmaq Government	51	51	36	15	15				
Little Red River Cree Nation	32	32		32	32				
Long Plain Band	60	60	26	34	11	12	11		
Makwa Sahgaiehan First Nation Band	17	17		17	9	8			
Mathias Colomb Band	52	52	37	15	15				
M'Chigeeng First Nation	27	27	14	13	7	6			
Mikisew Cree First Nation Band	39	39	16	23	4	8	7		
Millbrook Band Council	37	37		37	7	8	7	7	8
Mississauga of The New Credit First Nation	25	25		25	5	5	5	5	5
MLTC Program Services Inc.	82	82	40	42	16	13	13		
Mohawks Council of Akwesasne	125	125	71	54	27	27			
Mohawks of Kahnawake Band	187	187	82	105	39	33	33		
Montreal Lake Band	11	11		11	11				
Moose Cree First Nation	62	62	26	36	12	12	12		
Muskeg Lake Cree Nation #102	27	27	12	15	5	5	5		
Muskoday First Nation Band	28	28	12	16	6	5	5		
Nak'azdli Indian Band	39	39	21	18	6	6	6		
Naskapi Nation of Kawawachikamach	22	22	12	10	10				
Nation Huronne Wendat	92	92		92	10	9	9	9	9
Nisichawayasihk Cree Nation	107	107	45	62	21	21	20		
North Peace Tribal Council	12	12		12	8	1	1	1	1
Norway House Cree Nation	93	93		93	47	46			
Nuu Chah Nulth Tribal Council	100	100		100	23	19	19	19	20
Onion Lake Band	107	107	51	56	19	18	19		
Opaskwayak Cree Nation	123	123	53	70	24	23	23		
O-Pipor: Na-Piwin Cree Nation	22	22		11	11				
PADC Management Company Ltd	66	66	52	14	14				
Peguis Band	104	104	73	31	31				
Peter Ballantyne Cree Nation	38	38		38	38				
Pikangikum First Nation	42	42	30	12	12				
Potlotek First Nation	14	14		14	3	3	3	3	2
Saddle Lake Band	125	125		125	33	23	23	23	23
Sagamok Anishnawbek First Nation	36	36		36	7	8	7	7	7
Saint Mary's Band Council	49	49	21	28	10	9	9		
Sakimay Band	23	23	11	12	4	4	4		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently				
					2014	2015	2016	2017	2018
Samson Band	22	22		22	22				
Sandy Bay Band	16	16		16	16				
Sandy Lake First Nation	52	52	37	15	15				
Siksika Nation Band	115	115	79	36	36				
Shamattawa First Nation	29	29		29	10	9	10		
Skidegate Indian Band	32	32	13	19	6	6	7		
Snuncymuxw First Nation	27	27	12	15	5	5	5		
Southern First Nations Secretariat	34	34	17	17	9	8			
St Theresa Point Band	71	71		71	24	24	23		
Standing Buffalo Band	25	25	5	20	5	5	5	5	
Stoney Band	18	18		18	18				
Sucker Creek Band	34	34		34	7	7	7	7	6
Swan Lake Band	22	22		22	5	4	4	4	5
Swan River First Nation Band	19	19		19	4	4	4	4	3
Tatakwewak Cree Nation	47	47	32	15	15				
Temagami First Nation	10	10		10	2	2	2	2	2
The Six Nations of the Grand River	112	112	55	57	19	19	19		
Timiskaming First Nation	24	24	13	11	6	5			
Tsuu T'ina Nation Band	63	63	29	34	11	11	12		
Wagmatcook Band Council	19	19	8	11	4	3	4		
Wasagamack First Nation	12	12		12	12				
Waycobah First Nation	21	21		21	4	4	4	4	5
Waywayseecappo First Nation									
Treaty Four - 1874	41	41	28	13	13				
Whitecap Dakota First Nation Band	16	16	5	11	3	3	3	2	
Wikwemikong Unceded Indian Reserve	82	82		82	18	16	16	16	16
<i>Aboriginal Recipient Funding</i>									
<i>(Other)</i>									
340109 BC Ltd T/A H G Smith and Associates	13	13		13	13				
Arctic Co Operatives Ltd	20	20	10	10	10				
Awasis Agency of Northern Manitoba	17	17		17	17				
Cree Nation Child and Family Caring Agency	11	11		11	11				
Island Lake First Nations Family Services	11	11		11	11				
Kasohkewew Child and Wellness Society (2012)	21	21		21	21				
Makivik Corporation	57	57	37	20	20				
Mi' Kmaq Family & Children's Services of Nova Scotia	12	12		12	12				
National Association Friendship Centres	43	43	27	16	16				
National Indian Brotherhood	31	31	11	20	5	5	5	5	
Nunavut Planning Commission	16	16	4	12	4	4	4		
Nunavut Wildlife Management Board	33	33	9	24	8	8	8		
Peter Ballantyne Child & Family Services Inc	11	11		11	11				
Southeast Child and Family Services	26	26		26	26				
The North West Company	81	81	31	50	25	25			
<i>Funding Agreements for Provincial Governments and Territories</i>									
Government of Quebec — Minister of Finance	705	705	143	562	137	141	144	140	
Government of the Northwest Territories	20	20	4	16	4	4	4	4	
<i>Grant</i>									
Cree Regional Authority	509	509		509	101	102	102	102	102
Miawpukek Band	102	102		102	10	10	10	10	11
Mi' Kmaq Kina' Matnewey	304	304	76	228	46	45	46	45	46
Nunatsiavut Government	273	273	33	240	40	40	40	40	40
<i>Indian Self Government</i>									
Champagne & Aishihik First Nations	47	47	28	19	9	10			
First Nation of Nacho Nyak Dun	41	41	24	17	8	9			
Huu Ay Aht First Nations	35	35	12	23	6	3	3	3	4
Ka'yu:'k'/'h/Che:k'tles/et'h' First Nation ...	41	41	13	28	7	4	4	4	5
Kluane First Nation	47	47	10	37	5	5	6	5	5
Kwanlin Dun First Nation	124	124	27	97	14	14	14	14	14
Little Salmon/Carmacks First Nation	44	44	26	18	9	9			
Nisga'a Nation	500	500	230	270	63	66	69	72	
Sechelt Indian Band	56	56	7	49	6	7	7	7	7

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
Selkirk First Nation	42	42	25	17	8	9				
Ta'an Kwach'an Council	43	43	9	34	5	5	5	5	5	9
Teslin Tlingit Council	44	44	26	18	9	9				
Tr'ondek Hwech'in First Nation	44	44	26	18	9	9				
Uchucklesaht Indian Band	16	16	5	11	3	1	2	1	2	2
Ucluelet First Nation	42	42	14	28	7	4	4	4	4	5
Vuntut Gwitchin First Nation	46	46	27	19	9	10				
<i>Aggregate of various transfer payment agreements under \$10 million</i>										
Aggregate	2,254	2,254		2,254	2,254					
	11,602	11,602	3,041	8,561	4,517	1,456	1,233	672	445	238
Industry —										
<i>Department —</i>										
<i>Automotive Innovation</i>										
<i>Fund</i>										
Toyota Motor Manufacturing Canada Inc. ..	88	88	57	31	31					
Linamar Corporation	53	53	31	22	11	11				
<i>Bombardier C Series Program —</i>										
<i>Research and Development</i>										
Bombardier Aerospace	350	350	269	81	51	30				
<i>Broadband Canada: Connecting Rural Canadians Program</i>										
Aggregate	19	19	7	12	4	4	4			
Barrett Xplore Inc.	34	34	16	18	4	5	9			
<i>Community Futures Program</i>										
Aggregate	21	21	11	10	7	3				
<i>Northern Ontario Development Program</i>										
Aggregate	66	66	33	33	20	11	2			
<i>Strategic Aerospace and Defence Initiative</i>										
Aggregate	50	50	29	21	12	4	2	3		
CAE Inc.	250	250	202	48	48					
Héroux Devtek Inc.	49	49	6	43	13	12	11	7		
Magellan Aerospace Limited	44	44	26	18	4	5	5	4		
Norsat International Inc.	13	13	1	12	2	2	3	3	2	
Pratt & Whitney Canada Corporation	300	300	168	132	107	25				
Ultra Electronics TCS Inc.	33	33	16	17	5	5	7			
<i>Technology Partnerships Program</i>										
Bell Helicopter Textron Canada Ltd.	115	115	56	59	9	6	7	9	28	
<i>Canadian Institute for Advanced Research Linking Canadian researchers to the world</i>	25	25	5	20	5	5	5	5		
<i>Canarie Inc</i>										
Operation of ultra-high speed research and education network	62	62	13	49	23	26				
<i>Genome Canada</i>										
Research competition in human health	60	60	4	56	21	23	7	5		
<i>International Telecommunication Union</i>										
Funding	27	27	11	16	5	5	6			
<i>Mitacs Inc</i>										
Delivery of industrial research and development internships	35	35	5	30	7	7	7	9		
<i>Perimeter Institute for Theoretical Physics</i>										
Research, training and education in theoretical physics	50	50	10	40	10	10	10	10		
<i>Federal Economic Development Agency for Southern Ontario —</i>										
<i>Community Infrastructure Improvement Fund</i>										
Aggregate	35	35	3	32	32					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Eastern Ontario Development Program</i>										
Aggregate	29	29	16	13	13					
<i>Southern Ontario Development Program</i>										
Aggregate	338	338	219	119	119					
<i>The Corporation of the City of Brantford</i>										
Brownsfield redevelopment project	12	12	1	11	1			10		
<i>University of Waterloo</i>										
Water technologies research	20	20	9	11	11					
<i>National Research Council of Canada — Digital Technology Pilot Program</i>										
Aggregate	11	11		11	11					
<i>Industrial Research Assistance Program</i>										
Aggregate	113	113		113	103	9	1			
<i>Canada-France Hawaii Telescope Corporation</i>										
Partnership to operate a jointly owned optical telescope	119	119	106	13	3	3	4	3		
<i>Gemini Twin Telescope Project</i>										
Collaboration to build and operate 8 meter telescopes	120	120	106	14	6	5	3			
<i>Triumph</i>										
Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia	203	203	114	89	44	45				
	2,744	2,744	1,550	1,194	742	261	93	68	30	
<i>Justice —</i>										
<i>Access to Justice Services to the Territories</i>										
Aggregate	24	24	5	19	5	5	5	4		
<i>Contribution to support the implementation of official languages requirements under the Contraventions Act</i>										
Government of Ontario	14	14	3	11	3	3	3	2		
<i>Criminal Legal Aid services and systems</i>										
Aggregate	25	25	5	20	5	5	5	5		
Government of Alberta	52	52	10	42	10	11	10	11		
Government of British Columbia	69	69	14	55	14	14	14	13		
Government of Manitoba	24	24	5	19	5	4	5	5		
Government of Nova Scotia	18	18	4	14	4	3	4	3		
Government of Ontario	216	216	43	173	43	43	43	44		
Government of Quebec	117	117	23	94	23	24	23	24		
Government of Saskatchewan	21	21	4	17	4	4	4	5		
<i>Immigration and Refugee Legal Aid Component</i>										
Aggregate	24	24	12	12	12					
<i>Victims of Crime Initiative</i>										
Aggregate	20	20	8	12	5	4	3			
	624	624	136	488	133	120	119	116		
<i>Natural Resources —</i>										
<i>Clean Energy Fund</i>										
Aggregate	74	74	57	17	16	1				
<i>ecoENERGY for Biofuels —</i>										
<i>Support the production of renewable alternatives to gasoline and diesel</i>										
Aggregate	102	102	64	38	17	14	5	2		
Biox	63	63	51	12	7	5				
Great Lakes Biofuels	48	48		48	17	14	10	7		
Greenfield Ethanol Inc. — Chatham	62	62	48	14	8	6				
Greenfield Ethanol Inc. — Varennes	87	87	68	19	10	9				
Greenfield Johnstown Limited	118	118	84	34	16	13	5			
Husky Oil Limited — Lloydminster	60	60	46	14	8	6				
Husky Oil Limited — Minnedosa	71	71	57	14	8	6				

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
IGPC Ethanol Inc.	83	83	62	21	10	8	3			
Kawartha Ethanol Inc.	39	39	17	22	7	6	5	4		
Kyoto.	18	18		18	7	5	4	2		
Maple Leaf Foods Inc. — Rothsay.	53	53	43	10	6	4				
Metheo Energies — Sombra.	14	14		14	5	4	3	2		
Suncor.	162	162	118	44	24	20				
Terra Grain Fuels Inc.	57	57	40	17	9	8				
<i>eecoENERGY for Renewable Power</i>										
<i>Program — Increase renewable</i>										
<i>power</i>										
Aggregate.	258	258	91	167	26	26	26	25	22	42
Ashlu Creek Investments Limited										
Partnership.	26	26	8	18	3	2	3	2	3	5
Bear Mountain Wind Limited Partnership.	20	20	5	15	2	2	2	2	2	5
Brilliant Expansion Power Corporation.	47	47	22	25	4	5	4	5	5	2
Brookfield Power Wind Prince LP.	53	53	27	26	5	6	5	6	4	
Canadian Hydro Developers Inc.	29	29	12	17	3	3	3	3	3	2
Canadian Renewable Energy Corporation.	49	49	18	31	5	5	5	5	5	6
Caribou Wind Park Limited Partnership.	29	29	8	21	3	3	3	3	3	6
Cartier Énergie Éolienne Inc (1 of 3).	31	31	16	15	3	3	3	3	3	
Cartier Énergie Éolienne Inc (2 of 3).	31	31	17	14	3	4	3	3	1	
Cartier Énergie Éolienne Inc (3 of 3).	34	34	15	19	3	4	3	3	4	2
Castle Rock Ridge Limited Partnership.	23	23	2	21	2	3	2	2	3	9
Dokie General Partnership.	33	33	7	26	3	3	4	3	3	10
Enbridge Ontario Wind Power LP.	48	48	19	29	5	5	5	5	4	5
Ghost Pine Windfarm LP.	21	21	5	16	2	2	2	2	2	6
Glen Dye Wind Energy Ltd.	19	19	4	15	2	2	2	2	2	5
Gosfield Wind Limited Partnership.	15	15	4	11	1	2	1	2	1	4
Harrison Hydro Limited Partnership (1 of 2).	35	35	12	23	3	4	3	4	4	5
Harrison Hydro Limited Partnership (2 of 2).	25	25	7	18	3	2	3	2	3	5
Kruger Energy Chatham LP.	31	31	4	27	3	3	3	3	3	12
Kruger Energy Port Alma LP.	31	31	14	17	3	3	3	3	3	2
Lameque Wind Power LP.	14	14	3	11	1	1	2	1	2	4
Mont Louis Wind LP.	31	31	5	26	3	3	3	3	3	11
Nova Scotia Power Inc.	15	15	3	12	1	2	1	2	1	5
Raleigh Wind Power Partnership.	24	24	5	19	2	3	2	3	2	7
RMS Energy Dalhousie Mountain LP.	16	16	5	11	2	1	2	1	2	3
Saint Ulric Saint Léandre Wind LP.	32	32	11	21	3	3	3	4	3	5
St Joseph Windfarm Inc.	42	42	8	34	4	4	5	4	4	13
Suncor Energy Products Inc.	22	22	11	11	2	2	3	2	2	
Talbot Windfarm LP.	30	30	7	23	3	3	3	3	3	8
Toba Montrose General Partnership.	73	73	16	57	7	7	7	8	7	21
TransAlta Corporation (1 of 5).	22	22	9	13	3	2	2	2	2	2
TransAlta Corporation (2 of 5).	20	20	6	14	2	2	2	2	2	4
TransAlta Corporation (3 of 5).	18	18	5	13	2	2	1	2	2	4
TransAlta Corporation (4 of 5).	21	21	5	16	2	2	2	2	2	6
TransAlta Corporation (5 of 5).	14	14	3	11	1	2	1	1	2	4
West Cape Wind Energy Inc.	24	24	9	15	2	2	3	2	3	3
Weyerhaeuser Company Limited.	33	33	7	26	3	3	3	4	3	10
<i>eecoENERGY Innovation Initiative</i>										
Aggregate.	80	80	14	66	26	27	13			
<i>Gunnar and Lorado agreement</i>										
Government of Saskatchewan.	12	12	1	11	3	2	2	1		3
<i>Investing in Canada's Forest</i>										
<i>Sector</i>										
Expanding Market Opportunities.	13	13		13	13					
IPInnovations.	23	23		23	23					
<i>Isotope Technology Acceleration</i>										
<i>Program</i>										
Aggregate.	21	21	6	15	9	4	2			
<i>Wind Power Production</i>										
<i>Incentive</i>										
Aggregate.	236	236	162	74	24	24	20	6		
ENMAX Green Power Inc.	24	24	13	11	3	2	2	4		
Saskatchewan Power International Inc.	54	54	36	18	6	5	7			
	2,913	2,913	1,422	1,491	412	329	214	162	128	246

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
Public Safety and Emergency Preparedness —										
<i>Department</i>										
Biology Casework Analysis Contribution Program	35	35	21	14	7	7				
First Nations Policing Program	264	264	217	47	47					
Safer Communities Initiative	123	123	83	40	25	12	3			
<i>Royal Canadian Mounted Police —</i>										
Canadian Firearms Program	14	14		14	14					
	436	436	321	115	93	19	3			
Transport										
<i>Department</i>										
<i>Contribution in support of</i>										
<i>costs of operating a ferry</i>										
<i>service</i>										
Northumberland Ferries Limited	32	32	22	10	10					
<i>Contributions in support of the Asia-Pacific</i>										
<i>Gateway and Corridor Initiatives</i>										
Aggregate	154	154	137	17	17					
City of Surrey	53	53	21	32	32					
City of Vancouver	19	19	1	18	12	6				
Government of Alberta	75	75	3	72	8	41	23			
Government of British Columbia	363	363	316	47	47					
Government of Manitoba	33	33	16	17	17					
Port Metro Vancouver (1 of 2)	97	97	26	71	49	22				
Port Metro Vancouver (2 of 2)	20	20	2	18	12	6				
Prince Rupert Port Authority	15	15	3	12	9	3				
<i>Contributions in support of the Gateways</i>										
<i>and Border Crossings Fund</i>										
Aggregate	111	111	79	32	29	3				
Aéroport de Québec Inc.	22	22	6	16	16					
City of Saskatoon	96	96	80	16	16					
Government of Manitoba	52	52	21	31	2	4		21	4	
Government of Ontario	765	765	31	734	3	396	328	7		
Government of Saskatchewan	27	27	16	11	7	4				
Halifax Port Authority	52	52	39	13	5	8				
Montreal Port Authority	15	15	1	14	14					
Port of Saguenay	15	15		15	15					
Saint Mary's River Bridge Company	44	44	4	40	15	15	6	4		
Sept Îles Port Authority	55	55	9	46	46					
<i>Grant for the provision of</i>										
<i>ferry and coastal freight</i>										
<i>and passenger services</i>										
BC Ferries	554	554	373	181	29	29	30	30	31	32
<i>Outaouais Road Agreement</i>										
<i>Contribution</i>										
<i>Program</i>										
Quebec Ministry of Transportation	163	163	119	44	21	10	5	3	3	2
<i>Office of Infrastructure of Canada —</i>										
<i>Building Canada Fund — Communities</i>										
<i>Component</i>										
Aggregate	92	92	75	17	16	1				
Government of Alberta	88	88	74	14	5			9		
Government of British Columbia	136	136	83	53	29	24				
Government of Manitoba	41	41	23	18	8	5	5			
Government of Newfoundland and Labrador	56	56	39	17	17					
Government of Ontario	362	362	278	84	45	18	21			
Government of Quebec	410	410	73	337	63	72	292			
Government of Saskatchewan	99	99	77	22	22					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently				
					2014	2015	2016	2017	2018
<i>Building Canada Fund — Major Infrastructure Component</i>									
Aggregate	547	547	408	139	118	20	1		
<i>Canada Strategic Infrastructure Fund</i>									
Aggregate	414	414	350	64	52	10	1	1	
<i>Municipal Rural Infrastructure Fund</i>									
Aggregate	495	495	472	23	23				
Government of Ontario	298	298	285	13	13				
Government of Quebec	235	235	170	65	65				
<i>Provincial-Territorial Base Funding</i>									
Government of Alberta	175	175	163	12	12				
Government of Manitoba	175	175	165	10	10				
Government of New Brunswick	175	175	125	50	50				
Government of Newfoundland and Labrador	175	175	125	50	50				
Government of Nova Scotia	175	175	140	35	35				
Government of Nunavut	183	183	156	27	27				
Government of Ontario	175	175	92	83	83				
Government of Prince Edward Island	175	175	134	41	41				
Government of Quebec	175	175	150	25	25				
Government of Saskatchewan	175	175	165	10	10				
Government of Yukon	183	183	156	27	27				
<i>Transfer of Gas Tax revenues</i>									
Government of Alberta	1,275	1,275	1,075	200	200				
Government of British Columbia	1,638	1,638	1,388	250	250				
Government of Manitoba	432	432	366	66	66				
Government of New Brunswick	295	295	183	112	112				
Government of Newfoundland and Labrador	207	207	176	31	31				
Government of Nova Scotia	369	369	285	84	84				
Government of Nunavut	98	98	83	15	15				
Government of Ontario	4,853	4,853	4,106	747	747				
Government of Prince Edward Island	98	98	83	15	15				
Government of Quebec	3,005	3,005	2,542	463	463				
Government of Saskatchewan	372	372	316	56	56				
Government of the Northwest Territories	98	98	83	15	15				
Government of Yukon	98	98	45	53	53				
<i>Calgary Exhibition and Stampede Limited</i>									
Calgary Exhibition and Stampede Park	25	25	9	16	10	6			
<i>City of Calgary</i>									
Calgary Transit Projects	51	51	23	28	13	15			
<i>City of Cornwall</i>									
Cornwall Wastewater Treatment Plant	19	19	7	12	12				
<i>City of Edmonton</i>									
Edmonton North Light Rail Transit Expansion	100	100	65	35	35				
<i>City of Mississauga and Greater Toronto Transit Authority — Mississauga Bus Rapid Transit Project</i>									
Metrolinx Segment	24	24	10	14	10	3	1		
Mississauga Segment	59	59	26	33	15	9	9		
<i>City of Niagara Falls</i>									
Niagara Burgoyne Bridge Replacement	18	18	1	17	5	7	5		
Niagara Visitor Transportation System	25	25	13	12	12				

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently				
					2014	2015	2016	2017	2018
<i>City of Ottawa</i>									
Ottawa Light Rail Transit Project	600	600	29	571	117	104	143	118	89
Ottawa River Action Plan Project	33	33	6	27	13	2	12		
<i>City of Saskatoon</i>									
Art Gallery of Saskatchewan	13	13	1	12	3	4	3	2	
<i>City of Timmins</i>									
Upgrades to the Mattagami Wastewater Treatment Plant	20	20	5	15	15				
<i>City of Toronto</i>									
Union Station revitalization	133	133	41	92	36	26	30		
<i>City of Toronto and the Municipality of York</i>									
Toronto-York Spadina Subway Extension	622	622	322	300	119	46	135		
<i>City of Toronto and the Toronto Transit Commission</i>									
Modernization and expansion of bus, streetcar and subway services	304	304	289	15	5	10			
<i>City of Winnipeg</i>									
Waverley West Arterial Roads	18	18	6	12	9	3			
Winnipeg Wastewater Treatment	42	42	11	31	2	15	14		
<i>Corporation of the City of London</i>									
Huron-Elgin-London Project (HELP) Clean Water	50	50	29	21	6	15			
<i>Corporation of the City of St. Catharines</i>									
St. Catharines Arts Centre Project	18	18	4	14	5	6	3		
<i>Corporation of the City of Victoria</i>									
Johnson Street Bridge Replacement	21	21	4	17	8	5	4		
<i>Corporation of the Regional Municipality of Halton</i>									
Skyway Wastewater Treatment Plant Upgrades and Expansion	52	52	17	35	35				
<i>Corporation of the Town of Kirkland Lake</i>									
Kirkland Lake Wastewater Improvement Project	16	16	2	14	9	4	1		
<i>Falcon Communications GP Ltd</i>									
Northwest Territories Broadband Phase II	15	15	3	12	4	1	1	6	
<i>Government of Alberta</i>									
Highway 63	150	150	76	74	30	22	22		
Southeast Calgary Stoney Trail Ring Road	100	100	75	25	25				
<i>Government of British Columbia</i>									
BC Transit Improvement Initiative	76	76	7	69	6	12	28	23	
BC Transit Kelowna RapidBus	11	11		11	9			2	
Evergreen Line Rapid Transit Project Project	340	340	5	335	52	106	153	24	
Highway 1: Monte Creek to Pritchard	11	11		11	7	4			
Highway 1: Pritchard to Hoffman's Bluff	26	26		26	8	8	10		
Highway 97: Winfield to Oyama	12	12		12	12				
Northwest Transmission Line Project	130	130	77	53	53				
<i>Government of Newfoundland and Labrador</i>									
Highway Gushue Extension	23	23	10	13	5	8			
<i>Government of Nova Scotia</i>									
Highway 103: Broad River to Port Joli	17	17	2	15	5	6	4		
Highway 104: Antigonish Phase II	30	30	4	26	13	4	9		
<i>Government of Ontario</i>									
Eastern Ontario Regional Broadband Network	55	55	23	32	15	17			
Road infrastructure improvements leading to border crossings in Windsor	140	140	124	16	6	10			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by					March 31 2019 and subse- quently
					2014	2015	2016	2017	2018	
<i>Government of Quebec</i>										
Augustinian monastery	15	15		15	6	5	4			
Baie Comeau Water Treatment Project	20	20		20	2	10	8			
Highway 30, Phase II	704	704	691	13	13					
Highways 35, 50, 185, Dorval Interchange and 185 Phase II	445	445	204	241	69	65	42	65		
Highways 35, 55, 73 and 173 Phase I and II Laval Drinking Water Treatment Plant	147	147	70	77	17	60				
.....	47	47	8	39	15	5	6	13		
Multisports and Health Centre, Bishop's University	13	13		13	6	7				
Montreal Atwater and Charles-J. Des Baillets Water Project	58	58	21	37	37					
Montreal Combined Sewer Overflow Project	49	49		49	3	10	15	21		
Montreal's Quartier des spectacles	40	40	21	19	12	7				
Outremont Rail Switching Yard Project	30	30	1	29	9	7	6	7		
Thetford Mines Water Treatment and Distribution System	25	25	10	15	15					
Trois Rivières Amphitheatre	13	13		13	12	1				
Upgrades to the Jean R. Marcotte Wastewater Treatment Facility	64	64		64	2	5	40	17		
<i>Government of Saskatchewan</i>										
Highway 11 Twinning: South of Hague to North of Macdowall	62	62	45	17	3	14				
Highway 39: Estevan Truck Bypass Route	17	17	1	16	3	5	5	3		
<i>Greater Toronto Transit Authority</i>										
GO Transit Rail Infrastructure Improvements	385	385	295	90	17	29	29		15	
<i>Halifax Regional Municipality</i>										
Halifax Central Library	18	18	6	12	12					
<i>Manitoba Floodway Authority</i>										
Manitoba Red River Floodway Expansion Phase I, II and III	332	332	301	31	14	17				
<i>Metrolinx</i>										
GO Transit Improvement Program	250	250	160	90	46	44				
<i>Ministry of Culture, Communications and the Status of Women of Quebec</i>										
Quebec National Museum of Fine Arts	34	34	5	29	26	3				
<i>Mont Tremblant Resorts and Company Limited Partnership</i>										
Mont Tremblant Resorts	47	47	19	28	8	7	13			
<i>Regional Municipality of York</i>										
VIVA Bus Rapid Transit Project Phase II	85	85	12	73	24	49				
<i>The Board of Governors of Mount Royal University</i>										
Construct new integrated Performance Hall and Conservatory	20	20	3	17	8	6	3			
<i>Vancouver Aquarium Marine Science Centre</i>										
.....	15	15	3	12	4	3	4	1		
	27,218	27,218	19,236	7,982	4,511	1,534	1,384	377	142	34

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
Western Economic Diversification —										
Community Futures Program										
Aggregate	28	28		28	28					
Community Infrastructure Improvement Fund										
Aggregate	46	46	19	27	27					
Western Diversification Program										
Aggregate	49	49		49	43	5	1			
The Governors of the University of Calgary ..	15	15	1	14	2	2	1	2	1	6
	138	138	20	118	100	7	2	2	1	6
Subtotal	72,722	72,722	40,932	31,790	17,046	6,251	4,385	2,128	1,226	754
Consolidated Crown Corporations and Other Entities —										
Canada Council for the Arts —										
Grants	236	236	153	83	52	17	14			
Canada Foundation for Innovation —										
Grants	6,034	5,602	4,763	839	321	210	179	100	10	19
National Capital Commission —										
City of Gatineau	16	16	6	10	10					
PPP Canada Inc.										
P3 Canada Fund	445	445	2	443	14	55	39	80	255	
Subtotal	6,731	6,299	4,924	1,375	397	282	232	180	265	19
Total transfer payment agreements	79,453	79,021	45,856	33,165	17,443	6,533	4,617	2,308	1,491	773
Capital assets and purchases —										
Capital assets —										
Environment —										
Parks Canada Agency —										
Banff National Park										
Trans Canada Highway										
twinning — Economic										
Action Plan	130	100	83	17	17					
Fisheries and Oceans —										
Frequentis Canada Limited										
Marine Communications and Traffic										
Services Control System	26	25	9	16	9	4	3			
Irving Shipbuilding Inc.										
Design and construction of 9 mid shore										
patrol vessels	200	198	153	45	33	11	1			
Vancouver Shipyards Co Ltd										
Offshore Fisheries Science Vessels										
Construction Engineering	12	12	1	11	11					
	238	235	163	72	53	15	4			
Industry —										
Canadian Space Agency —										
MacDonald, Dettwiler and Associates Ltd										
OSIRIS Rex Laster Altimeter	19	19	4	15	14	1				
Scientific activities for the construction										
of the Radarsat Constellation										
(3 satellites)	971	971	279	692	232	161	90	90	55	64
	990	990	283	707	246	162	90	90	55	64
National Defence —										
Department —										
BMT Fleet Technology Limited										
ELMS Services to Ship Design	58	26	6	20	8	9	3			

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					2019 and subse- quently
					2014	2015	2016	2017	2018	
<i>Boeing, Ridley Park</i>										
15 medium to heavy lift helicopters	1,384	1,384	1,053	331	311	20				
<i>Bondfield Construction Company Limited</i>										
Construct Hangar 6	73	73	4	69	35	34				
<i>CAE Inc</i>										
Aircrew operational training services in support of the CC 130J and CH147F aircrafts	274	274	210	64	40	19	5			
CASE — Simulation Tech Investigation	20	20	3	17	8	9				
<i>Carillion Pacific Construction Inc</i>										
Seismic retrofit at Seaforth Armoury and relocation of Jericho Beach units	41	35	1	34	24	10				
<i>COM DEV International Inc</i>										
Search and Rescue Satellite Aided Tracking System	12	12		12	8	3	1			
<i>Corporation Fort St Jean</i>										
Support to RMC Saint Jean-sur- Richelieu	104	102	87	15	15					
<i>DEW Engineering and Development ULC</i>										
Special Equipment Vehicle	169	137	43	94	62	32				
<i>Dowland Contracting Ltd</i>										
Vehicle maintenance facility	42	42	32	10	9	1				
<i>EADS Deutschland GmbH</i>										
Area Surveillance and Secondary Surveillance Radar	66	66		66	9	27	24	6		
<i>EllisDon Corporation</i>										
EOI for pre-selection of design builders, Hangars CFB Petawawa	26	26		26	24	2				
<i>General Dynamics Canada</i>										
Land Command Support System Engineering and Integration Longterm Support	620	620	364	256	67	71	118			
<i>General Dynamics Ordnance and Tactical Systems Canada</i>										
Light Armoured Vehicle III Upgrade Implementation Contract	1,246	1,089	66	1,023	317	231	192	176	99	8
Wheeled Light Armoured Vehicle Optimized Weapon Systems Support	564	535	472	63	20	17	16	10		
<i>General Electric</i>										
In service support for LM2500	74	74	58	16	6	6	4			
<i>Irving Shipbuilding Inc</i>										
Arctic Offshore Patrol Ship Definition Contract	246	118	2	116	79	25	12			
<i>Israel Ministry of Defence</i>										
The Stand Off Direction System	38	37	15	22	5	16	1			
<i>JW Lindsay Enterprises Limited</i>										
Design and build cadet accommodation buildings	12	12		12	12					
<i>Krauss Maffei Wegmann</i>										
Replacement in Kind — Leopard 2 conversion	35	35	10	25	11	14				
<i>Le Groupe Decarel Inc</i>										
Construction of infrastructure for light armoured vehicle — Garrison Valcartier	16	16	3	13	13					
<i>Lockheed Martin Canada</i>										
Combat Systems Integration Defence Information Services Broker	548	345	45	300	60	50	50	50	50	40
<i>Lockheed Martin Corporation, United States</i>										
Aurora Structural Life Extension Project	187	170	157	13	11	2				
Purchase of 17 C130J aircrafts	2,337	2,258	1,896	362	130	98	106	28		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>MacDonald Dettwiler and Associates Ltd</i>										
Submarine Command Team										
Trainer	28	13	3	10		1		9		
<i>Marco Maritimes Ltd</i>										
Upgrade Building 1 DRDC										
Atlantic	29	29	5	24	24					
<i>PCR Contractors Inc</i>										
HMCS Hunter replacement	16	16	4	12	12					
<i>Raytheon Canada Limited</i>										
Repair and conversion of radar equipment	181	181	106	75	11	11	11	11	12	19
<i>Rheinmetall Canada Inc</i>										
Repair and overhaul of 42 Leopard 2A4 ...	37	37	23	14	14					
<i>Rheinmetall Landsysteme GmbH</i>										
Armoured Recovery Vehicle conversion and integrated logistic support	76	72	2	70	35	35				
<i>Sikorsky International Operations Inc</i>										
Stratford, United States										
Acquisition of 28 maritime helicopters	1,880	1,880	958	922	267	567	88			
<i>Textron Systems Canada Inc</i>										
Tactical Armoured Patrol Vehicle acquisition contract	604	604	26	578	17	205	356			
<i>Thales Canada Inc</i>										
Land Command Support System										
Software Longterm Support										
Contract	350	280	172	108	32	40	36			
Tactical Control Radar										
Modernization	55	55	2	53	5	16	29	3		
<i>Three C Contractors Ltd</i>										
Explosive Storage Magazines	13	13	1	12	12					
<i>United States Department of the Air Force</i>										
Directed Infra Red Counter Measures	71	71	21	50	4	10	15	13	7	1
<i>United States Department of the Army</i>										
Medium Heavy Lift Helicopter										
Engines	55	55	25	30	28	1	1			
<i>United States Department of the Navy</i>										
Protected Military Satellite										
Communications	105	105	48	57	10	11	12	12	12	
Operational Flight Program Software										
Program	23	23	12	11	1					10
C-17 Aircraft engines and support	693	693	487	206	50	31	31	31	31	32
<i>Varcon Construction Corporation Ltd</i>										
Construct Canadian Forces										
Land Advanced Warfare										
Centre	36	36	2	34	34					
<i>Weir Canada Inc</i>										
Maritime Systems and Engineering	600	200	90	110	39	35	36			
<i>Communications Security</i>										
<i>Establishment —</i>										
<i>Plenary Properties</i>										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	1,170	1,170		1,170		308	13	9	9	831
	14,313	13,138	6,601	6,537	1,891	1,967	1,160	358	220	941
<i>Public Safety and Emergency Preparedness —</i>										
<i>Royal Canadian Mounted Police —</i>										
RCMP Fleet Vehicles	82	82	48	34	34					
<i>Public Works and Government</i>										
<i>Services —</i>										
<i>Department —</i>										
<i>Accenture Inc</i>										
Novus Solution Definition Phase, Ottawa, Ontario	31	31	20	11	11					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Broccolini Construction</i>										
22 Eddy Street, Gatineau, Quebec ⁽¹⁾	298	298		298	11	11	12	12	12	240
<i>Center 10 Corporation</i>										
Fit-up of the 517 - 10th Avenue South West, Calgary, Alberta	2	12	1	11	11					
<i>Dowland Contracting Ltd</i>										
Cadet accommodation building, Regina, Saskatchewan	25	25	5	20	16	4				
<i>East Tunnel Replacement Project</i>										
Ottawa, Ontario	20	20	9	11	11					
<i>Green Timbers Limited Partnership</i>										
Public-Private Partnership Accommodations Project — RCMP "E" Division relocation, Surrey, British Columbia	274	274	132	142	1	1	2	2	2	134
<i>Kenaidan Contracting Ltd</i>										
Water Treatment Plant Construction, 4900 Yonge Street, Toronto, Ontario	20	20	3	17	17					
<i>M Sullivan & Son Limited</i>										
Millhaven Institution, construction of GI & GO Buildings, Bath, Ontario	26	26	12	14	14					
<i>Maple Engineering & Construction Canada Ltd</i>										
Water Treatment Plant Construction, 115 Toronto Road, Port Hope	25	25	1	24	24					
<i>Multivesco Inc</i>										
30 Victoria Street, Gatineau, Quebec ⁽¹⁾	298	298		298	10	11	12	12	12	241
<i>Metrie Contracting Services Corporation</i>										
Enhancement of Windermere Basin, 174, Pier 24 Gateway, Hamilton, Ontario	21	21		21	13	8				
<i>North Alaska Highway</i>										
North Alaska Highway maintenance and repair services, British Columbia	90	90	37	53	14	13	12	7	6	1
<i>The Great West Life Assurance Company</i>										
90 Elgin Street, Ottawa, Ontario ⁽¹⁾	488	488		488	10	19	20	19	20	400
<i>Wellington Building Renovation</i>										
Ottawa, Ontario	425	259	124	135	76	59				
<i>West Block renovation</i>										
111 Wellington Street, Ottawa, Ontario	1,171	695	338	357	130	126	96	3	2	
	3,224	2,582	682	1,900	369	252	154	55	54	1,016
Subtotal	18,977	17,127	7,860	9,267	2,610	2,396	1,408	503	329	2,021
<i>Consolidated Crown Corporations and Other Entities</i>										
<i>Canadian Air Transport Security Authority</i>										
Greater Toronto Airports Authority	19	19	1	18	18					
Morpho Detection Inc	15	15	2	13	3	3	3	2	2	
Vancouver International Airport Authority	21	21		21	21					
	55	55	3	52	42	3	3	2	2	
<i>Canadian Museum for Human Rights</i> — Capital project	279	279	267	12	11	1				
<i>Federal Bridge Corporation Limited, The</i> — North Channel Bridge project										
Aggregate	44	17	15	2	2					
Aecon	31	31	21	10	10					
<i>Champlain Bridge</i>										
Aggregate	16	16		16	16					
	91	64	36	28	28					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — Continued
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently				
					2014	2015	2016	2017	2018
<i>VIA Rail Canada Inc. —</i>									
<i>Goderich Exeter Railway Company Limited</i>									
Rail infrastructure improvement	28	26	2	24	14	10			
<i>Julien Inc</i>									
Reconfiguration of HEP cars	14	12	2	10	5	5			
	42	38	4	34	19	15			
Subtotal	467	436	310	126	100	19	3	2	2
Total capital assets	19,444	17,563	8,170	9,393	2,710	2,415	1,411	505	331
2,021									
Purchases —									
<i>Citizenship and Immigration —</i>									
<i>VF Worldwide Holdings Limited</i>									
Global Network of Visa Application Centres including Biometric collection functions	51	51		51	6	11	12	14	8
<i>Environment —</i>									
<i>Bell Mobility</i>									
Broadcast services	17	17	2	15		1		1	13
<i>Vaisala Inc</i>									
Upper Air Systems - Radiosondes	25	25	13	12	2	2	1	7	
	42	42	15	27	2	3	1	8	13
<i>Fisheries and Oceans —</i>									
<i>Provincial Airlines Ltd</i>									
Air Surveillance Services	126	75	51	24	13	11			
<i>Foreign Affairs and International Trade</i>									
<i>Canadian Bank Note Company Limited</i>									
Purchase of passport materials	213	188	87	101	29	37	35		
<i>Health —</i>									
<i>Department —</i>									
Express Scripts Inc.	103	103	65	38	21	17			
<i>Public Health Agency of Canada —</i>									
<i>GlaxoSmithKline</i>									
Influenza Vaccine Fill Line	16	16	1	15	11	4			
Pandemic readiness fees	97	97	19	78	10	10	9	10	10
	216	216	85	131	42	31	9	10	29
<i>Human Resources and Skills Development —</i>									
<i>Canada Post Corporation</i>									
Mail delivery services	74	74	60	14	14				
<i>Davis & Henderson Limited Partnership</i>									
Private institutions that are party to an agreement with the Minister under the Canada Student Financial Assistance Act	497	424	333	91	91				
	571	498	393	105	105				
<i>Industry —</i>									
<i>Canadian Space Agency —</i>									
<i>MacDonald Dettwiler Space and Advanced Robotics Ltd</i>									
Logistics and Sustaining Engineering Support for the International Space Station Mobile Servicing System	81	81		81	27	27	27		

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
National Defence —										
Department —										
ADGA Group Consultants Inc										
Land Command Support System										
Weapon System										
Management	251	97	38	59	33	10	11	5		
Allied Wings										
Pilot Training, Manitoba	1,828	1,750	535	1,215	81	81	78	77	79	819
Babcock Canada Inc										
Victoria in service support										
contract	1,707	603	453	150	150					
BAE Bofors System, Sweden										
57mm gun	120	100	73	27	10	7	6	4		
Bell Helicopter Textron Canada Limited										
Optimized weapon system support										
CH 146 Griffon	610	298	169	129	16	16	16	16	16	49
Biogenie SRDC Inc, Qikiqtaaluk Logistics										
Inc, Kituma Projects Inc, Quantum										
Murray and E Gruben's Transport Ltd										
DEW Line Cleanup	583	144	123	21	18	3				
Bombardier Inc										
Jet Flying Pilot										
Training	2,583	1,934	1,219	715	99	101	104	106	108	197
Bronswerk Marine Inc										
Repair and overhaul of water										
chillers	15	15		15	4	4	7			
CAE Inc										
Aircrew operational training services										
in support of the CC-130J and										
CH147F aircrafts	297	297	1	296	6	12	13	13	15	237
Calian Ltd										
National maintenance contract										
for Class B vehicles	35	35	22	13	10	3				
Recruit and manage health services										
providers for the Canadian Forces	597	511	446	65	65					
Canadian Base Operators Meaford										
Logistics support and facilities										
maintenance services	130	130	86	44	15	15	14			
Cascade Aerospace Inc										
Repair and overhaul of Hercules										
CC-130 Aircraft	877	521	436	85	58	27				
Dew Engineering and Development ULC										
Special Equipment Vehicle —										
Kitting	49	35		35	3	14	16	2		
DRS Technologies Canada Ltd										
Communication Selector Box,										
Power Distribution Units	39	39		39	15	14	10			
Radio system	15	11		11	4	7				
Fleetway Inc										
In service support for Halifax and										
Iroquois Class vessels	187	91	74	17	13	4				
General Dynamics Ordnance and Tactical										
Systems Canada										
Ammunition	139	139	54	85	85					
Halifax Shipyard										
Halifax Class modernization	456	456	286	170	80	10	80			
Harris Canada Inc										
CF-18 Avionics										
Optimized Weapon										
System Support	198	198	44	154	26	26	26	26	26	24
IBM Canada Ltd										
Material acquisition and support										
information system	393	393	369	24	24					
IMP Group Ltd										
CH 149 Cormorant Helicopter in service										
support	969	875	831	44	36	8				

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — Continued
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse quently					
					2014	2015	2016	2017	2018	
<i>IMP Group Ltd Aerospace Division</i>										
Optimized Weapon System Support										
CP 140 Aurora Aircraft	493	493	388	105	99	6				
Third line support for Sea King Helicopter CH 124	359	359	328	31	31					
<i>Krauss Maffei Wegmann</i>										
Repair and overhaul —										
Leopard 2 tanks	31	31	6	25	6	19				
<i>I. 3 Communications Corporation</i>										
Advanced Distributed Combat Training System Simulator										
Maintenance	12	12	1	11	2	2	2	3	2	
<i>I. 3 Communications Electronic Systems</i>										
CP 140 Aurora Aircraft Avionics										
Optimized Weapon System Support	343	264	183	81	40	41				
<i>I. 3 Communications (MAS) Canada</i>										
CF 18 Hornet Aircraft System										
Engineering Support	1,145	1,145	900	245	76	74	67	28		
Interim in service support contract for the CC150 Polaris aircraft	35	35	16	19	19					
<i>I. 3 Communications MAPPS</i>										
Integrated Platform Management System	85	79	46	33	6	5	7	6	4	5
<i>Lockheed Martin Canada</i>										
Combat Systems Integration	1,426	1,426	943	483	121	100	71	60	61	70
<i>Lockheed Martin Missiles and Fire Control</i>										
CF 18 in service support	24	24	13	11	2	2	2	1	2	2
<i>Lockheed Martin Overseas Services Corp</i>										
Command and Control System	28	28	5	23	15	8				
<i>Logistik Unicorp Inc</i>										
Consolidated Clothing Contract	690	336	267	69	69					
<i>MDA Systems Ltd</i>										
Route Survey System Life Extension	13	13	1	12	12					
<i>Nasittuq Corporation</i>										
North Warning System operation and maintenance	778	778	683	95	63	32				
<i>Orenda Aerospace Corporation</i>										
CF 18 Hornet Aircraft, F404 engine repair and overhaul	277	277	256	21	21					
<i>Rheinmetall Defence Electronics GmbH</i>										
Leopard 2 simulators and trainers	15	15	1	14	14					
<i>Santé Montfort</i>										
Provide medical/dental facility and professional services	111	111	42	69	8	8	8	8	8	29
<i>Select Global International Inc</i>										
Advanced Distributed Combat Training System tactical and flight training	19	19		19	3	4	4	4	4	
<i>SERCO Facilities Management Inc</i>										
Provision of site services at 5 Wing, Goose Bay	556	556	372	184	184					
<i>Sikorsky International Operations Inc</i>										
Maritime helicopters in service support	3,290	3,290	511	2,779	239	191	160	156	175	1,858
<i>SNC Lavalin Defence Programs Inc</i>										
In service support for MCDV/AUX	598	119	72	47	37	7	3			
<i>Standard Aero Limited</i>										
Repair and overhaul for the CC130 and CP140 aircrafts	174	174	142	32	32					

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Telesat Canada — North Warning Systems</i>										
Satellite capacity bandwidth	33	33	13	20	3	4	3	4	3	3
<i>Textron Systems Canada Inc</i>										
Tactical Armoured Patrol Vehicle support contract	106	106	8	98	16	37	12	5	6	22
<i>Thales Canada Inc</i>										
Fire Control Radars	61	53	15	38	1		37			
<i>The Halifax Group, TPG Technology Consulting Ltd</i>										
Desktop Management Support — Support, maintain and evolve the Defence Software Baseline	15	15	2	13	6	7				
<i>United States Department of Defense</i>										
Operations and support of Advanced Extremely High Frequency MILSATCOM System	69	69	12	57	4	5	5	5	5	33
<i>United States Department of the Air Force</i>										
C-130J EW aircraft components	48	48	27	21	21					
Wideband Global Satellite Communications System	312	312	33	279	91	83	38	48	1	18
<i>Victoria Shipbuilding Limited</i>										
Halifax Class modernization	304	304	189	115	47	6	62			
<i>Communications Security Establishment — Plenary Properties</i>										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	2,925	2,925	1	2,924		68	100	105	107	2,544
	26,453	22,121	10,735	11,386	2,139	1,071	962	682	622	5,910
<i>Privy Council — Chief Electoral Officer — Bell Canada</i>										
Data communication services	21	21	7	14	10	4				
<i>Public Safety and Emergency Preparedness — Correctional Service — Community residential facilities</i>										
Aggregate	97	98	11	87	83	3	1			
<i>Motorola Solutions Canada Inc</i>										
Communication equipment and maintenance	10	10		10	1	5	4			
<i>The ADCA Group</i>										
Maintenance of electronic security systems	27	27	7	20	7	7	6			
<i>Royal Canadian Mounted Police — MTS Allstream Inc</i>										
Rental of voice communications equipment	43	43	22	21	7	6	6	2		
	177	178	40	138	98	21	17	2		
<i>Public Works and Government Services — Department — Tax and operation and maintenance portion on leases</i>										
<i>159599 Canada Inc</i>										
200 Montcalm Street — Phase II, Gatineau, Quebec	24	24	2	22	1	2	1	2	1	15
<i>1646434 Ontario Inc</i>										
81 Mulcaster Street, Barrie, Ontario	11	11		11	1	1		1	1	7
<i>2237800 Ontario Ltd</i>										
395 Terminal Avenue, Ottawa, Ontario	70	70	1	69	4	4	4	4	4	49

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					2019 and subse- quently
					2014	2015	2016	2017	2018	
<i>4345177 Canada Inc</i>										
Fontaine Building, 200 Sacré-Cœur Boulevard, Gatineau, Quebec	46	46	14	32	3	3	3	3	3	17
<i>519719 Ontario Inc</i>										
1600 Star Top Road, Ottawa, Ontario	56	56	37	19	3	3	3	3	3	4
<i>6149625 Canada Inc</i>										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	23	23	1	22	1		1	1	1	18
<i>6149626 Canada Inc</i>										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	107	107	6	101	3	3	3	4	4	84
<i>BCIMC Realty Corporation</i>										
105 de l'Hôtel-de-Ville Street, Gatineau, Quebec	28	28	16	12	3	3	3	3		
<i>Broccolini Construction</i>										
22 Eddy Street, Gatineau, Quebec ⁽²⁾	207	207		207	8	8	8	8	8	167
455 de la Carrière Boulevard, Gatineau, Quebec	224	224		224	10	7	7	7	8	185
<i>Canada Post Corporation</i>										
750 Heron Road, Ottawa, Ontario	62	62	28	34	4	5	5	5	5	10
<i>City of Vancouver</i>										
360 Georgia Street West, Vancouver, British Columbia	33	33	13	20	3	2	3	2	3	7
<i>Cominar Real Estate Investment Trust</i>										
550 de la Cité Boulevard, Gatineau, Quebec	48	48	28	20	3	3	4	4	4	2
<i>Computershare Trust Company of Canada</i>										
305 René-Levesque Boulevard West, Montréal, Quebec	138	138	15	123	5	5	5	5	5	98
4225 Dorchester Boulevard West, Westmount, Quebec	122	122	13	109	4	5	4	5	5	86
Canada Place, 9700 Jasper Avenue, Edmonton, Alberta	348	348	50	298	13	13	13	13	14	232
Harry Hays Building, 220 - 4th Avenue, Calgary, Alberta	201	201	32	169	7	7	7	8	8	132
Joseph Sheppard Building, 4900 Yonge Street, Toronto, Ontario	285	285	52	233	10	10	11	10	11	181
Skyline Complex, 1400 Merivale Road, Ottawa, Ontario	270	270	64	206	9	9	9	9	10	160
Thomas D'Arcy McGee Building, 90 Sparks Street, Ottawa, Ontario	271	271	38	233	10	10	11	10	11	181
<i>Consortium GM Développement, OGESCO Construction, Pierre Martin & Associés, Design & Architecture</i>										
1550 d'Estimauville Avenue, Quebec, Quebec	88	88	4	84	4	4	4	4	4	64
<i>Fortis Corporation</i>										
Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia	13	13	2	11	1	1		1	1	7
<i>Minto Commercial Properties Inc</i>										
Mercury Centre, 3000 Merivale Road, Ottawa, Ontario	377	377	37	340	10	11	11	12	13	283
<i>Morguard Corporation / 131 Queen Street Limited</i>										
131 Queen Street, Ottawa, Ontario	149	149	40	109	7	7	7	7	8	73
<i>Morguard Corporation / 3683249 Canada Inc</i>										
181 Queen Street, Ottawa, Ontario	68	68	28	40	3	4	3	4	3	23
<i>Multivesco Inc</i>										
30 Victoria Street, Gatineau, Quebec ⁽²⁾	207	207		207	7	8	8	9	8	167
<i>O&Y REIT Holdings Inc</i>										
Jean Edmonds Tower, 300 Slater Street, Ottawa, Ontario	65	65	53	12	7	5				
<i>Place Montcalm (Phase III partnership)</i>										
Montcalm Place, 700 Crémazie Street, Gatineau, Quebec	53	53	31	22	4	4	4	4	4	2

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>The Canada Life Assurance Company</i>										
180 Queen Street West, Toronto, Ontario ..	101	101	30	71	5	5	5	5	5	46
<i>The Great West Life Assurance Company of Canada and London Life Assurance Company</i>										
269 Laurier Street West, Ottawa, Ontario ..	82	82	39	43	5	6	5	6	6	15
<i>Dragage Océan DSM Inc</i>										
Maintenance dredging of St Lawrence Seaway, north crossing area, Quebec	29	29	5	24	5	5	4	4	3	3
<i>First Data / Paymentech Canada Partner Inc and Dearborn Merchant Services Inc</i>										
Card acceptance services	133	133	72	61	35	26				
<i>Green Timbers Limited Partnership</i>										
Public-Private Partnership Accommodations Project — RCMP "E" Division relocation, Surrey, British Columbia	713	713	8	705	29	29	29	29	29	560
<i>Parsons Canada Ltd</i>										
Deconstruction of Roaster Complex, Giant Mine, Northwest Territories	25	25		25	15	10				
<i>Pension Modernization</i>										
Aggregate	7	6	4	2	2					
Hewlett Packard	267	174	162	12	12					
<i>SNC Lavalin Operations & Maintenance Inc</i>										
Building maintenance services	5,629	4,722	3,905	817	817					
<i>Ulrich Engineering & Environmental Services Ltd</i>										
Remediation of Tundra mine, Phase 2, Northwest Territories	43	40	30	10	10					
<i>Transformation of Pay Administration</i>										
Aggregate	29	10	9	1	1					
IBM Canada Ltd	117	30	14	16	16					
<i>Shared Services Canada —</i>										
Converged Network Services	58	58	33	25	23	2				
Fixed Satellite Services	80	17	5	12	7	1	1	1	1	1
Mainframe Operations	43	43	25	18	10	3	1	2	2	
<i>2Keys Corporation</i>										
Government of Canada Branded Credential Service	29	15	3	12	6	4	2			
<i>Bell Canada</i>										
Cabling Services	95	50	29	21	21					
Data center colocation service	80	75	1	74	6	5	5	6	5	47
International Networks	41	30	14	16	12	4				
Secure channel services	388	362	346	16	16					
Wide Area Network Services	236	177	35	142	44	46	33	19		
<i>CGI Group Inc</i>										
Engineering services	198	48	18	30	16	14				
<i>Rogers Communications Inc</i>										
Call Centre Services	72	44	7	37	10	11	11	5		
<i>SecureKey Technologies Inc</i>										
Credential Broker Services	41	25	7	18	7	4	4	3		
<i>TELUS Communications Inc</i>										
Government Enterprise Network Services	168	143	1	142	29	21	21	21	21	29
Wide Area Network Services	464	240	34	206	53	57	63	33		
<i>Unisys Canada Inc</i>										
Mainframe Operations	35	35	19	16	4	4	4	4		
	12,797	11,021	5,460	5,561	1,364	404	330	286	222	2,955

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
Treasury Board —										
<i>Sun Life Assurance Company of Canada</i>										
Pensioners' Dental Services Plan (Administration)	34	34	21	13	8	5				
Public Service Health Care Plan (Administration)	175	175	65	110	27	27	35	21		
	209	209	86	123	35	32	35	21		
Subtotal	40,957	34,701	16,959	17,742	3,870	1,652	1,428	1,023	862	8,907
Consolidated Crown Corporations and Other Entities —										
<i>Atomic Energy of Canada Limited —</i>										
Regulatory commitments	90	90		90	90					
<i>Canadian Air Transport Security Authority —</i>										
Garda of Canada — Central	685	685	159	526	131	132	131	132		
Garda of Canada — Prairies	453	453	104	349	88	87	87	87		
G4S Secure Solutions	437	437	107	330	80	83	83	84		
NAV Canada	58	58	15	43	15	14	14			
Securitas Transport Aviation Security Ltd.	485	485	119	366	87	93	93	93		
Sun Life Assurance Company	32	32	3	29	4	3	4	4	4	10
	2,150	2,150	507	1,643	405	412	412	400	4	10
<i>Canadian Broadcasting Corporation —</i>										
Programming rights										
Sports	692	692	541	151	94	37	5	15		
Other	39	39	20	19	19					
SAP Canada	13	13		13	1	1	2	1	1	7
SNC Lavalin Profac Inc	474	474	196	278	36	37	38	40	41	86
	1,218	1,218	757	461	150	75	45	56	42	93
<i>Canadian Commercial Corporation —</i>										
Contracts with foreign customers	2,897	2,897	658	2,239	1,981	224	27	7		
<i>Federal Bridge Corporation Limited, The —</i>										
Champlain Bridge										
Aggregate	13	13		13	13					
<i>Police services</i>										
La Sureté du Québec	19	19	3	16	4	3	4	4	1	
	32	32	3	29	17	3	4	4	1	
<i>National Capital Commission —</i>										
Land management and maintenance										
City of Ottawa	17	17	6	11		1				10
Lafleur de la Capitale Inc	20	20	5	15	4	3	4	4		
	37	37	11	26	4	4	4	4		10
Subtotal	6,424	6,424	1,936	4,488	2,647	718	492	471	47	113
Total purchases	47,381	41,125	18,895	22,230	6,517	2,370	1,920	1,494	909	9,020
Total capital assets and purchases	66,825	58,688	27,065	31,623	9,227	4,785	3,331	1,999	1,240	11,041
Operating leases —										
Environment —										
<i>Capilano Indian Reserve No. 5 of Vancouver, British Columbia</i>										
Lease of land	385	385	155	230	8	8	8	8	8	190
Foreign Affairs and International Trade —										
<i>1251 Americas Associates</i>										
Chancery, New York	18	18	4	14	3	3	3	3	2	

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2014 2015 2016 2017 2018						2019 and subse- quently
<i>Main Business Administration for Services to the Diplomatic Corps (GlavUpDK)</i>											
Chancery, Moscow	195	195	22	173	4	5	5	5	5		149
<i>Pacific Grace Limited</i>											
Chancery Annex, Hong Kong	22	22	1	21	2	2	2	2	2		11
<i>Real Estate Investment Fund North Tower (Fundo de Investimento Imobiliario Torre Norte)</i>											
Chancery, Sao Paulo	32	32	20	12	3	3	3	3			
<i>Spanish Space Tower, S.A.U. (Torre Espacio Castellana, S.A.U.)</i>											
Chancery, Madrid	35	35	8	27	2	2	2	2	2		17
<i>The HongKong Land Property Company Limited</i>											
Chancery, Hong Kong (1 of 2)	30	30	12	18	9	9					
Chancery, Hong Kong (2 of 2)	20	20		20	1	2	2	2	2		11
<i>The Wilton Co-ownership</i>											
Chancery, Dublin	18	18	3	15	1		1		1		12
	370	370	70	300	25	26	18	17	14		200
<i>Public Safety and Emergency Preparedness — Canada Border Services Agency — Corbel Management Corporation</i>											
Welfare management services.....	20	20	6	14	3	4	4	3			
<i>Public Works and Government Services — Department —</i>											
<i>1166 Equities Inc</i>											
1166 West Pender Street, Vancouver, British Columbia	34	34	12	22	6	5	6	5			
<i>121 King St West Ltd</i>											
121 King St West, Toronto, Ontario	11	11	1	10	3	4	3				
<i>1258898 Ontario Ltd c/o Multivesco Inc</i>											
400 Cumberland Street, Ottawa, Ontario ..	55	55	43	12	5	5	2				
<i>234 Laurier Leaseholds Limited</i>											
Plaza 234, Ottawa, Ontario	33	33	15	18	3	3	3	3	4		2
<i>25 Nicholas Properties Ltd</i>											
The Albion Executive Tower, Ottawa, Ontario	35	35	13	22	3	4	3	4	4		4
<i>360 Laurier Avenue West Limited</i>											
Narono Building, Ottawa, Ontario	21	21	11	10	2	2	2	2	2		
<i>3934381 Canada Inc</i>											
1138 Melville Street, Vancouver, British Columbia	108	72	17	55	7	7	7	7	7		20
<i>BCIMC Realty Corporation</i>											
100 Colonnade Road, Ottawa, Ontario	15	15	2	13	1	2	1	2	1		6
130 Colonnade Road, Ottawa, Ontario	26	26	3	23	3	2	3	2	3		10
<i>Beatty Street General Partnership</i>											
Pivotal Building, 877 Expo Boulevard, Vancouver, British Columbia	20	20		20	2	2	2	2	2		10
<i>Bona Building & Management Company Ltd</i>											
333 and 335 North River Road, Ottawa, Ontario	100	61		61	9	13	12	12	12		3
Vanier Building, 222 Nepean Street, Ottawa, Ontario	43	43	24	19	5	4	5	4	1		
<i>Brookfield Properties Management PDV 2 (MCEG) Ltd, BPO Ltd and Crehoy Inc</i>											
Place de Ville, Tower C and Podium, 300 and 330 Sparks Street, Ottawa, Ontario...	96	96	83	13	13						
<i>Canadian Forces Central Fund, Queensway Corporate Campus</i>											
4200 Labelle Street, Ottawa, Ontario	18	14	3	11	2	2	2	2	2		1

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Capital City Shopping Center Limited</i>										
Billings Bridge Plaza, 2277 and 2323 Riverside Drive, Ottawa, Ontario	21	13	3	10	2	3	2	3		
<i>Carling Business Centre</i>										
1451 Coldrey Avenue & 1550 Carling Avenue, Ottawa, Ontario	28	28	6	22	3	2	3	3	3	8
<i>Center 10 Corporation</i>										
517 - 10th Avenue South West, Calgary, Alberta	75	75		75	4	7	8	7	8	41
<i>City Centre Equities Inc. c/o Harvard Developments Inc</i>										
1870 Hamilton Street, Regina, Saskatchewan	26	26		26	2	3	2	3	3	13
<i>Cyril Development Inc</i>										
3991 Gladys Avenue, Abbotsford, British Columbia	22	22	1	21	2	1	2	1	2	13
<i>Dundee Canada West (GP) Inc</i>										
Gallery Building, 4923 - 52nd Street, Yellowknife, Northwest Territories	39	39	4	35	4	4	4	4	4	15
<i>H&R Real Estate Investment Trust</i>										
Place Bell, 160 Elgin Street, Ottawa, Ontario	75	75	33	42	8	8	8	8	4	6
<i>Hoopp Realty Inc</i>										
Telus Plaza North, 10025 Jasper Avenue, Edmonton, Alberta	17	17		17	2	3	4	3	4	1
<i>Huntingdon Capital Corp</i>										
280 Broadway Avenue, Winnipeg, Manitoba	19	19	7	12	2	2	2	2	2	2
<i>Ivanhoe Cambridge II Inc</i>										
4720 Kingsway, Burnaby, British Columbia	26	26	5	21	2	3	2	3	3	8
<i>Minto Commercial Properties Inc</i>										
180 Kent Street, Ottawa, Ontario	45	45	15	30	5	4	5	4	5	7
Canada Building, 344 Slater Street and Enterprise Building, 427 Laurier Avenue, Ottawa, Ontario	162	122		122	12	11	12	12	12	63
<i>Morguard Investments Limited in trust</i>										
Heritage Place, 155, Queen Street Ottawa, Ontario	47	47	28	19	4	5	5	5		
Standard Life Centre, 280 Slater Street, Ottawa, Ontario	66	66		66	4	6	6	6	6	38
Standard Life Centre, 333 Laurier Avenue, Ottawa, Ontario	60	60	22	38	9	9	9	7	3	1
<i>National Capital Commission, DEL Management Solutions Inc</i>										
The Chambers Building, 40 Elgin Street, Ottawa, Ontario	17	17	3	14	2	2	2	2	2	4
<i>Omers Realty Corporation and CPP Investment Board Real Estate Holdings Inc</i>										
Constitution Square, 350-360 Albert Street, Ottawa, Ontario	95	95	13	82	9	9	9	9	10	36
<i>Orlando Corporation</i>										
5800 Hurontario Street, Mississauga, Ontario	78	78	63	15	6	6	3			
<i>Ottawa — 2200 Walkley Road Inc</i>										
2200 Walkley Road, Ottawa, Ontario	23	15	2	13	1	2	1	2	2	5
<i>Outcore Equities Inc and Archean Capital Investments Ltd</i>										
Sir Richard Scott Building, 191 Laurier Avenue West, Ottawa, Ontario	28	22	2	20	6	5	6	3		
<i>Pacific Centre Leaseholds Limited</i>										
701 Georgia Street West, Vancouver, British Columbia	33	33	12	21	3	3	3	3	3	6
<i>Pensionfund Realty Limited</i>										
250 Albert Street, Ottawa, Ontario	53	53	23	30	5	6	5	6	5	3
99 Metcalfe Street, Ottawa, Ontario	39	39	7	32	4	4	4	4	4	12

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Continued*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by					March 31 2019 and subse- quently
					2014	2015	2016	2017	2018	
<i>Robert Vocisano in trust, c/o Bona Building and Management Company Ltd</i>										
Coventry Square, 295, Coventry Road, Ottawa, Ontario	71	51	36	15	4	3	4	4		
<i>Roscourt Investments Inc</i>										
30 McGill Street, Montréal, Quebec	16	16		16		4	3	3	3	3
<i>Station Lands Ltd</i>										
Epcor Tower, 10423 - 101st Street, Edmonton, Alberta	72	72	11	61	7	7	8	7	7	25
<i>Sun Life Assurance Company of Canada and SITQ National Inc</i>										
1155 Metcalfe Street, Suite 55, Montréal, Quebec	18	18		18	2	2	1	2	2	9
<i>Telesat Canada and Pensionfund Realty Limited</i>										
Telesat Building, 1601 Telesat Court, Ottawa, Ontario	19	19	7	12	2	2	2	2	2	2
<i>The Cadillac Fairview Corporation Limited</i>										
635 - 8th Avenue South West, Calgary, Alberta	12	12		12	2	2	2	3	2	1
<i>The Great West Life Assurance Company</i>										
Centennial Towers, 200 Kent Street, Ottawa, Ontario	234	182		182	5	14	14	14	14	121
<i>The Professional Institute Building Trust Fund</i>										
National Office Corporation, 250 Tremblay Road, Ottawa, Ontario	22	14	4	10	2	3	3	2		
<i>Toronto — 5001 Yonge Street Inc</i>										
5001 Yonge Street, Toronto, Ontario	35	35		35	8	9	9	9		
<i>Urbandale Corporation</i>										
Urbandale Building, 100 Metcalfe Street, Ottawa, Ontario	23	23	11	12	2	2	2	3	2	1
<i>West Corr Holdings Ltd</i>										
3427 Faithfull Avenue, Saskatoon, Saskatchewan	24	24		24	1	1	2	1	2	17
<i>Whiterock 219 Laurier Avenue Canadian Building, 219 Laurier Avenue West, Ottawa, Ontario</i>	23	23	8	15	5	4	5	1		
<i>WPBI Property Management Inc</i>										
Bonaventure Place, 800 de la Gauchetière Street West, Montréal, Quebec	49	49	30	19	3	4	4	4	4	
<i>Shared Services Canada — Mainframe operations</i>										
CA Canada Inc	38	38	12	26	12	11	3			
IBM Canada Ltd	67	67	47	20	20					
	2,432	2,211	642	1,569	240	231	220	200	161	517
Subtotal	3,207	2,986	873	2,113	276	269	250	228	183	907
<i>Consolidated Crown Corporations and Other Entities —</i>										
<i>Atomic Energy of Canada Limited —</i>										
Rental properties	20	20	5	15	3	2	3	2	2	3
<i>Canada Council for the Arts —</i>										
Office accommodation, 150 Elgin Street, Ottawa, Ontario	91	91		91	1	4	4	4	5	73
<i>Canadian Air Transport Security Authority —</i>										
Sun Life Assurance Company of Canada	29	29	7	22	5	5	5	4	3	
<i>Canadian Broadcasting Corporation —</i>										
Eurofax Properties	17	17		17	1	1	1	1	1	12
Morguard	140	140	58	82	7	8	7	8	7	45
	157	157	58	99	8	9	8	9	8	57

Table 11.3

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases as at March 31, 2013 — *Concluded*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2019 and subse- quently					
					2014	2015	2016	2017	2018	
<i>Canadian Commercial Corporation —</i>										
Office space	25	25	11	14	2	2	2	2	2	4
<i>Canadian Museum of Immigration at Pier 21 —</i>										
Rent of 1055 Marginal Road, Halifax, Nova Scotia	79	79	2	77	1	2	2	2	2	68
<i>International Development Research Centre —</i>										
Head office, 150 Kent Street, Ottawa, Ontario	103	103	30	73	7	7	7	7	7	38
<i>Marine Atlantic Inc. —</i>										
Five-year charter agreement for a passenger and freight ferry										
MV Atlantic Vision	101	101	91	10	10					
MV Blue Puttees	69	69	32	37	14	13	10			
MV Highlanders	59	59	25	34	12	12	10			
	229	229	148	81	36	25	20			
<i>National Capital Commission —</i>										
Chambers Building, Ottawa, Ontario	195	195	124	71	9	10	10	10	11	21
<i>VIA Rail Canada Inc. —</i>										
<i>Canadian National Railways</i>										
Montreal Central Station	103	103	71	32	5	5	6	6	6	4
<i>City of Toronto</i>										
Union Station	253	253	31	222	4	4	4	4	5	201
	356	356	102	254	9	9	10	10	11	205
Subtotal	1,284	1,284	487	797	81	75	71	50	51	469
Total operating leases	4,491	4,270	1,360	2,910	357	344	321	278	234	1,376
Grand total	150,769	141,979	74,281	67,698	27,027	11,662	8,269	4,585	2,965	13,130

(1) The amounts shown relate to a future capital lease obligation.

(2) The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

International Contractual Obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), which Canada

has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2013.

Table 11.4 presents information that is summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

Table 11.4
International Contractual Obligations
(in millions of dollars) ⁽¹⁾

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Non-Budgetary Share Capital and Loans —				
Foreign Affairs and International Trade —				
Canadian International Development Agency —				
African Development Bank			57	57
Asian Development Bank			73	73
Inter-American Development Bank			41	41
			171	171
Budgetary Transfer Payments, Loans and Advances —				
Environment —				
Commission for Environmental Cooperation	13			13
United Nations Environment Program — Water resources	10			10
	23			23
Finance —				
African Development Fund	442			442
International Development Association				
Multilateral Debt Relief Initiative		1,084		1,084
Subscriptions and contributions	441			441
	883	1,084		1,967
Foreign Affairs and International Trade —				
Canadian International Development Agency —				
Canadian engagement for development	4			4
Fragile countries and crisis-affected communities	160			160
Global engagement and strategic policy	484			484
Low income countries	939			939
Middle income countries	244			244
African Development Fund		108		108
Global Environment Facility Fund		82		82
International Fund for Agricultural Development		25		25
Multilateral Fund for the Montreal Protocol Fund		9		9
	1,831	224		2,055
Industry —				
Canadian Space Agency —				
Canada / European Space Agency Cooperation Agreement	126			126
	2,863	1,308		4,171
Total	2,863	1,308	171	4,342

Note: Canada has agreed to lend the Poverty Reduction and Growth Trust special drawing rights (SDR) 1.2 billion of which SDR 700 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 190 million has been paid in.

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2013 (1 USD = \$1.0160 CAD; 1 SDR = \$1.5220 CAD; 1 EUR = \$1.3024 CAD).

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 "Contingent Liabilities of Consolidated Crown Corporations and Other Entities" in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.8 "Contingent Liabilities of Enterprise Crown Corporations and other Government Business Enterprises" in Section 9 of this volume.

Guarantees

Guarantees provided by the Government include:

- guarantees on the borrowings of enterprise Crown corporations and other government business enterprises;
- loan guarantees;
- insurance programs managed by the Government; and
- other explicit guarantees.

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 17 to the consolidated financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.5 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

Table 11.5
Guarantees provided by the Government as at March 31, 2013
(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Guaranteed borrowings of enterprise Crown corporations and other government business enterprises —		
Agent enterprise Crown corporations		243,581 ⁽¹⁾
Non-agent enterprise Crown corporations and other government business enterprises —		
Canadian Wheat Board, The		1,677
Total — Guaranteed borrowings		245,258
Other guarantees provided by the Government —		
Loan guarantees —		
Agriculture and Agri Food —		
Advance Payments Program — <i>Agricultural Marketing Programs Act</i>	5,000	946
<i>Farm Improvement Loans Act (FILA) and Canadian Agricultural Loans Act</i>	3,000	99
Human Resources and Skills Development —		
<i>Canada Student Loans Act</i>	10,782	17
Indian Affairs and Northern Development —		
Indian Economic Development Guarantee Program	60	1
On Reserve Housing Guarantee Program	2,200	
Canada Mortgage and Housing Corporation		1,382
Other approved lenders		478
Industry —		
Enterprise Development Program	1,200	(2)
Regional Aircraft Credit Facility	1,500	120
<i>Small Business Loans Act</i>	1,838	(2)
<i>Canada Small Business Financing Act</i>	1,898	720
Capital Leasing Pilot Project	16	(2)
Total — Loan guarantees	27,494	3,763

Table 11.5

Guarantees provided by the Government as at March 31, 2013 — *Concluded*

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Insurance programs managed by the Government —		
Foreign Affairs and International Trade —		
Accounts administered for the Government by Export Development Canada	20,000	217
Finance —		
Mortgage or Hypothecary Insurance Protection	300,000	142,000
Canadian Nuclear Safety Commission —		
Nuclear Liability Reinsurance Account	975	507
Total — Insurance programs managed by the Government	320,975	142,724
Other explicit guarantees —		
Agriculture and Agri-Food —		
National Biomass Ethanol Program	140	25
Price Pooling Program — <i>Agricultural Marketing Programs Act</i>		21
Finance —		
Obligations to The Canadian Wheat Board under the Agri Food		
Credit Facility and the Credit Grain Sales Program		202
Consolidated Crown corporations —		
Atomic Energy of Canada Limited —		
Performance guarantees and liquidated damages		98
VIA Rail Canada Inc. —		
Letters of credit		28
Total — Other explicit guarantees	140	374
Total — Gross guarantees	348,609	392,119
Less: allowance for guarantees		428
Net exposure under guarantees		391,691

Note: This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 17 to the consolidated financial statements in Section 2 of this volume and additional information is provided in Table 11.7 of this section.

(1) Details can be found in Table 9.6 in Section 9 of this volume.

(2) Less than \$500,000.

Advance Payments Program — *Agricultural Marketing Programs Act*

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced and/or that is in storage. The maximum cash advance of the program is \$0.4 million and the loans generally have a repayment term of 18 months.

Farm Improvement Loans Act and *Canadian Agricultural Loans Act*

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* (FIMCLA) program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees 95 percent of the value of loans provided to farms and co-operatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is \$0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

Canada Student Loans Act

Student loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by Human Resources and Skills Development Canada (HRSDC) to the lenders. HRSDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower. In addition, HRSDC offers an opportunity to enroll in the Repayment Assistance Plan (RAP) for borrowers experiencing financial difficulties.

Indian Economic Development Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans for non-incorporated Indian businesses on a risk sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indian Affairs and Northern Development.

On-Reserve Housing Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

Enterprise Development Program

The Enterprise Development Program (EDP) was established in 1977 to encourage the growth of the manufacturing and processing sectors of Canadian industry by improving their viability and international competitiveness. One method of assistance was to provide insurance, of up to 90 percent, to support term loans made by private lenders to restructure operations or supplement working capital when normal financing was not available on reasonable terms.

The program required insured lenders to take reasonable fixed asset security, and provide loans at normal commercial interest rates and terms. The insured lenders were paid 90 percent of the losses sustained by them, after realizing on the security when a company defaulted. The program was closed in the mid-eighties as part of Program Review.

Regional Aircraft Credit Facility

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian built fixed wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

Small Business Loans Act and Canada Small Business Financing Act

The *Small Business Loans Act* (SBLA) includes loans registered until March 31, 1999 and the *Canada Small Business Financing Act* (CSBFA) includes both the core loans component (loans registered since April 1, 1999) and the Capital Leasing Pilot Project (leases registered between April 1, 2002 and March 31, 2007). In collaboration with financial institutions, the programs offered under these Acts are designed to help Canadian small and medium sized enterprises (SMEs) get access to loan and capital leasing financing that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan or lease defaults, the Government pays 85 percent of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding \$5 million per year.

Accounts administered for the Government by Export Development Canada (EDC)

The Government of Canada has authorized support for insurance and guarantee programs which on the basis of EDC's risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

Mortgage or Hypothecary Insurance Protection

The *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMIIA) received Royal Assent on June 26, 2011 and came into force on January 1, 2013.

The PRMIIA authorizes the Minister of Finance to provide protection in respect of certain mortgage or hypothecary insurance contracts written by approved mortgage insurers. Under the PRMIIA, a payment in respect of this guarantee would only be made if a winding up order were made in respect of an approved mortgage insurer that had written an insurance contract guaranteed under the PRMIIA. In that case, the Minister would honour lender claims for insured mortgages in default, subject to: (1) any proceeds the beneficiary has received from the underlying property or the insurer's liquidation, and (2) a deductible of 10 percent of the original principal amount of the insured mortgage.

As at March 31, 2013, the aggregate outstanding principal amount of loans that are guaranteed under the PRMIIA is estimated at \$164 billion. Any payment by the Minister is subject to a deductible equal to 10 percent of the original principal amount of these loans, or \$22 billion. The principal amount outstanding presented within Table 11.5 does not refer to anticipated losses or payments in respect of the guarantee. No provision has been made in these accounts for payments under the guarantee. As at March 31, 2013, there are two approved mortgage insurers under the PRMIIA: Genworth Financial Mortgage Insurance Company Canada, and Canada Guaranty Mortgage Insurance Company.

Nuclear Liability Reinsurance Account

Under the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to possess basic and/or supplementary insurance of \$75 million per installation for specified liabilities. The federal government has designated the Nuclear Insurance Association of Canada (NIAC) as the sole provider of third party liability insurance and property insurance for the nuclear industry in Canada. The NIAC provides insurance to nuclear operators under a standard policy.

The policy consists of two types of coverage:

Coverage A and Coverage B. Coverage A includes only those risks that are accepted by the insurer; that is, bodily injury and property damage. Coverage B risks include personal injury that is not bodily; for example, psychological injury, damage arising from normal emissions, and damage due to acts of terrorism.

The NIAC receives premiums from operators for both coverages; however, premiums for Coverage B risks are remitted to the federal government, which reinsures these risks under its reinsurance agreement with the NIAC. Through the reinsurance agreement, the federal government assumes the liability associated with the difference between the basic insurance coverage provided by the NIAC and the full \$75 million of liability imposed by the NLA, as well as for events listed under coverage B.

The Canadian Nuclear Safety Commission (CNSC) administers the Nuclear Liability Reinsurance Account on behalf of the federal government. The CNSC receives the premiums, paid by the operators of nuclear installations, for the supplementary insurance coverage and credits these to the Nuclear Liability Reinsurance Account in the Consolidated Revenue Fund.

National Biomass Ethanol Program

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program (NBEP). The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by Farm Credit Canada.

Price Pooling Program — Agricultural Marketing Programs Act

The Price Pooling Program (PPP) provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

Obligations to the Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program

The Department of Finance manages guarantees to The Canadian Wheat Board for the repayment of the principal and interest of all receivables resulting from sales made under the Credit Grain Sale Program and a portion of credit sales made under the Agri-Food Credit Facility.

Performance guarantees and liquidated damages

In line with normal industry practice, Atomic Energy of Canada Limited (AECL) utilizes letters of credit, surety bonds and other performance guarantees on major contracts. Such guarantees may include guarantees that a project will be completed or that a project or particular equipment will meet defined performance criteria. Liquidated damages are provided for in contracts and provide for compensation to be paid upon a specific breach of that contract (e.g. late performance). In the normal course of business, AECL also guarantees that certain projects will be completed within a specified time and may bear responsibility for liquidated damages should obligations not be met.

Letters of credit

VIA Rail Canada Inc. has issued letters of credit to various provincial government workers' compensation boards as security for future payment streams.

International Organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

Table 11.6
International Organizations Contingent Liabilities
(in millions of dollars) ⁽¹⁾

	March 31/ 2013	March 31/ 2012
Non-Budgetary Share Capital and Loans —		
Callable Share Capital —		
Finance —		
European Bank for Reconstruction and Development	1,052	1,075
International Bank for Reconstruction and Development (World Bank)	6,712	5,951
Multilateral Investment Guarantee Agency	47	46
	7,811	7,072
Foreign Affairs and International Trade —		
Canadian International Development Agency —		
African Development Bank	3,616	3,568
Asian Development Bank	6,510	6,403
Caribbean Development Bank	124	122
Inter-American Development Bank	8,033	7,886
	18,283	17,979
Total	26,094	25,051

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2013 (1 USD = \$1.0160 CAD; 1 SDR = \$1.5220 CAD; 1 EUR = \$1.3024 CAD).

Environmental Liabilities

Remediation of contaminated sites

Based on management's best estimates, a liability for the estimated costs related to the remediation of contaminated sites is accrued when the contamination occurs, or when the Government becomes aware of the contamination, and is obligated or likely obligated to incur such costs. As at March 31, 2013, the Government has recorded a liability of \$4,892 million for approximately 2,300 sites (\$4,773 million in 2012 for approximately 2,400 sites).

The Government has estimated possible additional clean up costs of \$971 million (\$1,057 million in 2012) that are not accrued as the Government's obligation to incur these costs is not determinable at this time. The change in contingent liabilities related to contaminated sites is due to the additional information gathered during the year which enabled the potential liability for certain sites to be more accurately estimated.

Future asset restoration

Based on management's best estimates, a liability of \$3 million (\$4 million in 2012) has been recorded for likely management and clearance action on approximately 8 out of a total of 50 unexploded explosive ordnance (UXO) affected sites (10 out of a total of 43 UXO affected sites in 2012). Management has estimated possible additional clearance costs ranging from \$180 million to \$524 million that are not accrued as the Government's obligation to incur these costs is undeterminable at this time.

The Government's ongoing efforts to assess contaminated sites and UXO affected sites may result in additional liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These adjustments will be accrued in the year in which they become known.

Claims and Pending and Threatened Litigation

Please refer to Note 17 to the consolidated financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

Insurance Programs of Agent Enterprise Crown Corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, and Export Development Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited since the information presented therein is derived from interim financial statements. Additional financial information relating to these corporations may be found in the quarterly *Inventory of Government of Canada Organizations*. Information contained in Table 11.7 is also summarized in Note 17 to the consolidated financial statements in Section 2 of this volume.

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Table 11.7

Summary of Insurance Programs of Agent Enterprise Crown Corporations
for the Year ended March 31, 2013

(in millions of dollars)

	Canada Deposit Insurance Corporation ⁽¹⁾				Canada Mortgage and Housing Corporation ⁽²⁾				Export Development Canada ⁽³⁾			
	2012		2013		2012		2013		2012		2013	
Insurance in force as at reporting date	645,609	621,882	562,200	569,600	392,737	372,776	22,247	25,100				
Opening balance of Fund	1,292	1,113	10,676	9,402	1,029	794			(3)	(3)		
Revenues for the period —												
Premiums and fees	120	224	1,797	1,798	243	221	192	232				
Investment income	39	40	688	808	83	100						
Other revenues			6	8	1,682	1,746						
Total revenues	159	264	2,491	2,614	2,008	2,067	192	232				
Expenses for the period —												
Loss on/provision for claims			482	533								
Interest on borrowing					1,666	1,729						
Administrative expense	34	31	202	201	13	10						
Other expenses (includes taxes)	101	54	460	488	85	87	(36)	223				
Total expenses	135	85	1,144	1,222	1,764	1,826	(36)	223				
Net income or (loss) for the period	24	179	1,347	1,392	244	241	228	9				
Adjustments			(10)	(118)		(6)						
Closing balance of Fund	1,316	1,292	12,013	10,676	1,273	1,029			(3)	(3)		
Net claims during the period ⁽⁴⁾			547	617	*	*	336	19				
Five year average of net claims paid			551	483	*	*	147	90				

Certain comparative figures have been reclassified to conform to the current year's presentation.

* Not applicable.

⁽¹⁾ The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

⁽²⁾ Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.

The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as \$1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as \$1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of \$212,639 million (\$213,251 million in 2012) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

⁽³⁾ Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is \$500 million (\$733 million in 2012).

⁽⁴⁾ Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

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